Reconciling Economic Efficiency and Social Needs? The EU, Objective 1 and Civil Society in Wales

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Abstract

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This thesis is a qualitatively based study exploring the development of the ‘European social model’ and the particular argument that EU policy initiatives in this area indicate the end of old style, elite decision-making where the market was the primary frame of reference. It has been claimed that the European social model, and its emphasis upon partnership, participation and social dialogue, holds the potential to provide a greater balance between ‘positive’ and ‘negative’ integration by engaging a more bottom-up, problem solving approach to the social ‘contradictions’ of market convergence. As an increasingly significant area of policy relating to addressing rising levels of social inequality and unemployment, the reformed structural funds have become illustrative of these aims where the engagement of ‘local knowledge’ is seen as a key factor in enabling the success of the newly introduced community regeneration measures.

Regarding the aims of the European social model, the empirical section of the thesis explores the extent to which community groups are making a contribution to the community regeneration measures in the Objective 1 programme for west Wales and
the valleys. The research centres upon the performance of the programme in south Wales, where the granting of Objective 1 status underlines its recognition as one of the most economically and socially deprived regions in the EU. The research considers questions such as whether there is a sufficient understanding from the European level of what are the social issues that must be addressed, whether these issues are being filtered back to the policy level, and whether economic efficiency can be reconciled with social needs within policy rhetoric claiming greater inclusivity and a more democratic and open debate.

The thesis locates these issues within a wider consideration of the contemporary project of integration and considers whether the aims of the 'European Social Model' are realistic in an era framed by the structuring influences of the market.
Author’s Declaration

This thesis and the research comprising it is the sole work of the author. Some of the material was presented at the following conferences during the three year research period:


Fudge S. (2005) *Building capacity in marginalized communities: are political institutions listening to civil society?* Concepts of the third sector, the European debate: civil society organisations, social and solidarity based economy. First European conference of ISTR and EMES. April 2005
The following publications are also based upon material and ideas drawn from this research project:


Fudge S. (forthcoming) 'Objective 1 and community development: democratising the economic and political landscape in south Wales?' Contemporary Wales: An Annual Review of Economic, Political and Social Research. Cardiff, University of Wales Press.

Other publication by the author: Fudge S. and Williams S. (forthcoming) 'Beyond left and right: can the Third Way deliver a reinvigorated social democracy. Critical Sociology. Brill.
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Chapter 1

Extending ‘Monnet’s vision’ through neo-liberalism or the democratization of European integration?

Introduction

The debate on the future of the EU and the project of integration has increased in intensity in recent years. Specifically, issues surrounding enlargement and concerns relating to the overall responsiveness and public accountability of the institutions themselves have become key sites through which politicians and academics discuss the configuration of the most effective vehicle through which to drive and shape the future direction of the EU. The observation by Farrell, Fella and Newman (2002) seems pertinent of this uncertainty, particularly in the wake of the recent ‘no’ in both the French and Dutch referendums over the proposed European constitution:

The need to connect the EU’s policies to the concerns of its citizens and address the perceived ‘democratic deficit’ in decision making has increasingly preoccupied the EU’s leaders since the post-Maastricht ratification crises of the early 1990s (Farrell, Fella and Newman, 2002:10).

As the former Commission president Romano Prodi has rightly pointed out, until now European integration has been largely an economic process, and its primary disposition has been disposed towards economic liberalisation and the incremental establishment of a single market (Prodi, 2000:3). He suggests that, as it stands, the ongoing process of integration can only proceed through the commitment to a reinigorated political agenda in which the central focus is geared towards fostering a greater level of consensus and visible support from the people of Europe themselves.

One of the ways in which the EU have tried to address more recent problems relating both to the social dimensions of integration and the overall legitimacy of the European polity itself has been to promote a model of European governance that is more able to combine
economic efficiency alongside a greater recognition of the social implications of economic convergence. High levels of structural unemployment, widening regional and social disparities, allied to a general residualisation of national European welfare regimes, have instigated awareness that there is a perceived need for the EU to play a greater role in regulating the market failures of European capitalism than may previously have been the case.

Multi-level governance and social Europe
While it is reasonable to point out that the EU is still primarily driven by a market oriented framework (Dunkerley and Fudge, 2004; Van Apeldoorn, 2002; Gill, 2001), writers such as Hooghe and Marks (2001) suggest that the ‘Monnet method’ of integration, where European unification was predicated upon the principles of ‘functional spillover’, has been challenged more recently by a more ‘positive’, or socially contrived model of integration. Explaining this development, they suggest that the most recent stages of European unification – broadly from around the time of the SEA onwards – have instigated a process of polity creation, and a broader dialogue on the future of European integration that has coincided with the deepening of market convergence. The development of this system of multi-level governance they argue has had the effect of widening the political framework of European governance, where it now ‘stretches across supra-national, national, sub-national and local levels of decision-making’ (Hooghe and Marks, 2001:119). The principal effect of these developments has been the active involvement of a greater number of agents from both conventional political structures and from civil society who are now able to participate more directly in helping to shape and mould the agenda at EU level.

This greater ‘politicisation’ of European governance has occurred at a time in which the EU have become more concerned to find and search for ways in which to provide more
efficient market regulation in the wake of the visible decline of national market regulation strategies and the perceived failure of Keynesian macro-economic strategies. Issues such as unemployment, uneven regional growth disparities and concerns with economic and social cohesion, have increasingly become European level concerns: further informed by a general acknowledgement that 'the national state can no longer serve as the privileged architect of economic prosperity' (Hooghe and Marks, 2001:119).

In this way commentators such as Hooghe and Marks, and the European Commission themselves, suggest that it is possible to more effectively augment the economic concerns of the single market with a more ‘positively’ defined model of Europe: one which is politically more bottom up than elite/expert driven models of the past. This model of governance, it is hoped, can be more effective in addressing the social impact of European integration than has traditionally been the case. In summary, by more actively engaging the networks of civil society in policy making, the EU hope to enhance their own legitimacy while simultaneously providing a more efficient system of governance by a) introducing a decision-making process that is closer to the concerns of the citizens of Europe themselves while b) at the same time, providing more efficient targeting of EU funding that is aimed at a more appropriate level of decision making.

In regard to these issues, Chapter One considers the historical trajectory of European integration, specifically in regard to the problems that later became exposed by its primary configuration as an elite driven, economic project. It will be argued that the legacy of many of the later problems of economic convergence can be traced to an idea of ‘progress’ conceived and instigated by influential figures such as Jean Monnet and Robert Schuman, who argued that, ultimately, the unification of Europe could be achieved, and would result from, the long term consequences of what writers such as Hass (1958) have described as a
process of ‘functional spillover’. As the chapter will go on to argue, the decision-making that characterised this stage of European integration – elite, technocratic and markedly insulated from public opinion – can be seen as retrospectively at odds with, not only debates upon the democratic credentials of this project, but in also in regard to many of the later social contradictions of this ‘economic vision’. Here, increasing regional and national disparities in material conditions have also played a part in threatening to undermine the EU’s present and future capacities as a legitimate site of political authority. In regard to this, Chapter One proceeds with an exploration of the issues that problematized the primacy of the economic model of integration and the original blueprint through which it was thought European unification could be achieved. The chapter ends with a consideration of the argument posed by writers such as Van Apeldoorn (2002) and the assertion that, while the EU now have a more visible role to play in providing greater market regulation and a more social dimension through which to offset the consequences of ‘market failure’, this is to be achieved through market principles and the dominance of a neo-liberal vision of European integration.

‘Economic spillover’: Monnet’s vision for a united Europe

Europe began as an elitist project [in which it was believed] that all that was required was to convince the decision-makers. That phase of benign despotism is now over (Jacques Delors. The Independent, 26 July 1993).

Featherstone (1994) argues that many of the criticisms that are today levelled at the EU in terms of the problems of democratic legitimacy and the maintenance of economic and social cohesion, can be traced back to the earliest days of the European Coal and Steel Community (ECSC) and a particular political vision, and its expression through a particular institutional and decision making arrangement, that remains largely intact to this day (Pinder, 1985). Burgess (1989:59) suggests that one of its principal architects, Jean Monnet, ‘was motivated by a vision of Europe united by a bureaucracy: an interesting
comment given the current problems concerning political legitimacy and democratic accountability in the EU'. According to Featherstone, it was this 'Monnet method' of integration, and his original vision of a united Europe in the wake of the disunity and suspicion created by two world wars, that was the fundamental idea underpinning the ECSC. The Schuman plan, which began life in May 1950, was the blueprint for these ideas and the political design, which led to the formation of the ECSC. As Shore (2000) points out, the preambles to the 1951 Treaty and the 1957 Treaty of Rome reveal much in regard to what were the longer-term aims of the fledgling European Community:

To lay the foundations for an ever closer union among the peoples of Europe and to substitute for age old rivalries the merging of their essential interests; to create, by establishing a common community among peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforward shared (Commission of the European Communities, 1983a: 113 & 115).

Central to Monnet's plan was the High Authority: 'a forerunner to today's European Commission' (Featherstone, 1994:150). Within this configuration, the High Authority was to provide both a federal direction and a particular executive dimension, to an institutional setup which also included the intergovernmental Council of Ministers and a Common Assembly: both of which Monnet railed against, fearing that they would blunt the federal progression that he hoped would be provided by the singular direction of the High Authority. In this way, it was clearly Monnet's intention that a supranational High Authority would provide the main impetus, and the 'driving motor' behind this new political and economic venture. As Featherstone goes on to explain, 'Monnet saw the High Authority as the essential means through which to overcome the constraints of intergovernmentalism that had been displayed by previous European organisations: most of which had failed in their original intentions' (1994:152).
Featherstone suggests that it was Monnet’s background in international relations that influenced his principle vision of how he thought the construction of a united Europe would work in practice. Monnet’s experience in this regard was instrumental in shaping his views on the institutional configuration that he felt would be needed in a project that held these ambitions. Monnet himself, as Featherstone points out, ‘had been president of the Committee of Co-operation of the Allied War Effort and had also been First Deputy Secretary-General of the League of Nations’ (1994:152). As Featherstone points out, these experiences were implicit in shaping Monnet’s recognition ‘of the advantages for international co-operation and for economic growth, through nations pooling resources and accepting a system of shared management’ (Featherstone, 1994:152).

Monnet’s ideas for the proposed structure of the ECSC were also influenced by some of the principles that had underpinned various French economic planning experiments since the 1st world war, where there had been moves towards co-ordinating national policies along the lines of more central involvement for relevant public and private sector interests. It was this system of national economic planning that was to provide the blueprint for this singularly technocratic approach to governance. Within the principles of this system, government action and methods of governance are closely tied to sectional interests and the advice of ‘expert knowledge’. Thus, as Henig (2002:37) points out, ‘the guiding principle here was that if the political will for solution exists, there would be a technical means of resolving any issue’. The predominance of this set of ideas was undoubtedly a reflection of France’s position in the early days of integration, and the influence of the Fourth Republic, where this system of economic planning – which had met with some success at national level – came to be a key feature of the decision-making body of the ECSC. In this way, the political structure of the ECSC was primed to draw upon the expertise of ‘modernization commissions’, and also ‘a consultative committee which was
instrumental in bringing together some 51 representatives of producers, workers and consumers' (Mazey, 1992:44).

Functional spillover: political and economic panacea?

As Stroby-Jensen (2000) asserts, ‘spillover is the most familiar concept associated with neofunctionalism’. He goes on to explain that:

Although the term has several variants, it is usually understood as referring to the basic process whereby political co-operation conducted with a specific goal (or goals) leads to the adoption of new goals, which require a further expansion of political co-operation. That in turn leads to the adoption of yet more new goals (Stroby-Jensen, 2000:23).

Thus, while the working agenda for European integration was based principally on an economic formula executed by a technocratic elite, Monnet and his colleagues were confident that primary integration in specific policy areas would spillover and exert influence in wider policy areas: providing the momentum for further integration.

An early theorist on the development of the European Community, Haas (1958) was one of the first to develop a systematic theory through which to explain how the different parts of this process would then work together to enable European integration to occur. Pointing to the political effects of spillover, he argued that this pioneering approach would be instrumental in facilitating the trans-national mobilization of new political networks that would begin to operate at a more European level. According to this logic, Hass argued that ‘economic spillover’ would mean that diverse interests would begin to gravitate beyond the nation state where they would help to define and socialise a policy process that would be more characteristically European in its implications. What is clear is that, in this way, the forces shaping decision making in this new institutional setup were strongly technocratic in their outlook, and the driving, economic agenda was to be shaped by what Ardagh (1968:18-19) describes as ‘a disinterested elite of experts, with technical knowledge or at least technical outlook, differing both from the traditional businessman and from the party
politician or bureaucrat’. In agreement with Hass, Featherstone points out that the primary ethos underpinning the ECSC was forged, primarily, from a functionalist theoretical model, of which the fundamental characteristics were elite, technocratic decision-making based upon economic principles and the perceived benefits of economic spillover. Progress in this area, and further integration, was to be accomplished through the Commission’s ability to engage with and form communication links with key economic and political elites, ‘and to help them recognise their self-interest in supporting greater European unity’ (Featherstone, 1994:155).

Featherstone, argues that the democratic vacuum that exists in today’s EU institutional structure stems, in part from the manner in which Monnet and Schumann’s ideas became the guiding thread in laying the foundations for the ECSC and, in particular, the role of the Commission in this and later institutional developments. As Shore (2000:5) points out, ‘the European Commission itself occupies a uniquely strategic position in the process of European construction, where it is regarded by many as the ‘heart of Europe’ and ‘the motor of integration’. Then, as now, it is the unique properties of the Commission that provide the unique impetus that is able to negotiate national interests. In any discussion on the democratic deficit, it is invariably the role of the Commission that comes under particular scrutiny.

However, if we further explore and consider the principles which underpin Featherstone’s historical analysis, then it could be argued that this logic quite realistically extends in helping to explain the current roles of the other institutions which originally comprised the political structure of the ECSC and how this whole system has evolved and has come to work in practice. The Council of Ministers remains to this day an intergovernmental institution, where the decision-making process takes place ‘in house’ and is virtually
closed in regard to the participation of outside interests. The forerunner of the Common Assembly, the European Parliament (EP) is today acknowledged to be the weakest of the European institutions. The only body of European governance to be publicly elected, the Common Assembly was originally comprised of representatives from national governments. As Neunreither (1999:63) points out, 'the Treaty of Rome that established the European Economic Community (EEC) gave the EP only a vague and virtually powerless right to deliver opinions on certain legislative proposals, which the Council – the main decision-making body – could summarily accept or reject'.

The introduction of direct elections, in 1979, began a process that sought to change this, and the SEA, Maastricht and follow on Treaty revisions, have all conferred more power to the only democratically elected institution in the EU. However, it is clear that, in relation to the decision-making powers of the Council and the impetus provided by the role of the Commission, the EP still remains the poor relation in terms of influence within the EU. Despite the increasingly enhanced role that has been given to the European Parliament in more recent years and its greater remit in certain policy areas, overall it continues to appear as politically remote, is often bogged down in technicalities, and often suffers from an incoherence in regard to its specific functions and duties.

**Myth as a charter for legitimation**

In considering the long term implications of this 'grand theoretical design', Shore (2000) draws upon the work of the anthropologist Malinowski (1926) in describing 'myth as a charter for legitimation' in regard to Monnet's particular vision for fostering an ever closer union and facilitating the integration process. While in many ways this was not an insular project *per se*, and the European governing body of this time actively drew upon outside interests, this collaboration was invariably framed by the principles of economic spillover
and the technical know-how of specific sectoral interests. Shore points out that the ideals that informed the fundamental principles of this 'supranational myth', are still today evoked by politicians and supporters of European integration, keeping alive the fundamental principles of Monnet's original plan. For Shore, the main barrier to the contemporary usefulness of this agenda, and its value in providing a way in which to address the democratic deficit is that, not only has neo-functionalist logic, and forecasts positing the long term success of spillover, been superseded by the rapid social and economic changes of the last quarter of a century, but it is clear that Monnet's original vision also 'presupposed the existence of a trans-nationally inclined European public whose 'general will' would be evoked by common interests that could be represented and championed by these supranational bodies in the wake of the perceived decline of the nation-state as a territorially bounded unit of political and economic independence' (Shore, 2000:19).

It is clear that in order to achieve the long term aims for European unification, and a broader political picture, as originally envisaged by Monnet and his colleagues, the material benefits of integration were to be the principal key to winning the hearts and minds of the citizens of Europe, through faith in the political spillover of what was to be an 'instrumental loyalty'. In these terms, while there is no doubt that, based upon the primary indicators of economic growth and political stability, the project launched by the original six was an unqualified success, with unprecedented levels of growth enjoyed by members from the late 50s and into the 1960s. However subsequent events, which were unforeseen by the original architects, also became instrumental in deciding the future shape of Europe; setting in motion the development of an inherent tension between what Henig (2002) has described as the 'context and process', of European integration. Here the fundamental principles of the Monnet method became open to challenge by both internal and external
'contradictions' in the integration process, the consequences of which Henig argues demonstrated, not only the inappropriateness of this 'top down' agenda, but its greater visibility in an age characterised by rapid social, political and economic change.

The context and process of European integration: contradictions that have undermined Monnet's vision of European unification

The European Union is, above all else, a vehicle for delivering economic integration. History will judge the EU as a success or failure largely in terms of its effects on the economic welfare of its citizens (Armstrong & Kervenoael, 1997:29).

While the concerns outlined above have played a part in structuring some of the more recent debates on European integration, the early days of the ECSC and then the EEC had been a notable success when framed within the economic terms of Monnet's integration strategy and the market oriented vision of how a unitary Europe would unfold. The striking levels of growth within the original six members had in fact been instrumental in instigating the formation of the European Community and then the later membership expansion to nine in 1973. However, the economic expansion that had played such a large part in underpinning this early success, and had played a large part in bringing unprecedented levels of prosperity to Western Europe, began to come under threat in the late 1960s and early 1970s; beginning to undermine national structures of self sufficiency that, bolstered by EC membership, had been largely successful in tying capital and labour into a mutually productive partnership. As Urwin (1998) has pointed out;

From the early 1970s, inflation was to be a persisting problem of the coming decades. High levels of unemployment and deindustrialisation were to be accepted as more or less unalterable facts of life. Retrenchment meant there was now a more critical eye being cast at the costs, efficiency and merits of the welfare state as a European model of economic wellbeing. The unquestioning faith in Keynesianism went and economic issues and problems then became a major preoccupation of European governments from the 1970s onwards (Urwin, 1998:215).

Schirm (2002) suggests that, in this new economic climate, the need to complete the single market, and to promote deeper economic integration, became more of a pressing issue for
the member states and governing elites than it had previously been. In the context of rules dictated more and more by the expansion of the new global market, ‘the orientation towards external competition became a maxim, and improving the competitiveness of European companies became of paramount importance; to the detriment of domestic steering measures. Apart from the economic policy shift from demand to supply side orientation, the single market therefore also changed the governments’ influence on European and national economic policy’ (Schirm, 2002:60). National market regulation thus became of secondary importance to offsetting competitive advantage in the global market place.

In this way, as Schirm goes on to argue, the Single European Act of 1986 can generally be considered as precipitating the start of a more united European response to market problems that could be located in the increasing influence of global economic activity. As he further suggests, while being committed to the economic principles outlined in the original treaty agreements, ‘the liberalization strategy of the single market was less a continuation of earlier integration methods and more a new approach to economic policy and integration, to be achieved by freeing market forces through liberalization as well as reaching economies of scale through an enlargement of the market and by enhancing efficiency and specialization advantages following from greater competition’ (Schirm, 2002:58-59). Thus, completion of the single market would enable the constituent national economies of the EU member states to trade as a more efficient economic region, more able to compete on a global scale with the comparative economies of North America and the Pacific Rim.

Viewed in this way, it would seem that the period of deeper integration of the mid-1980s could be seen as a carry on, or as an extension of, the original blueprint for European
unification. However, as Rumford (2002) points out, the primary pursuit of growth and competitiveness – which had been the original mechanism for facilitating integration – was now accelerated in the ‘new’ Europe of the 1980s where the new structures of economic integration would now be primed to facilitate:

- the free movement of goods, services, capital and labour;
- commit member states to removing the remaining barriers to trade;
- moves that would precipitate a single currency and the gradual harmonization of fiscal policies at the national level.

The possibility of exacerbated social problems in these circumstances had been issues anticipated by both the French president Mitterrand in 1981 and also by Commission president Delors in 1985. While he is rightly regarded as one of the primary architects behind the SEA and what proved to be a reinvigoration of the integration process, Delors simultaneously expressed concerns in aligning European unification with this new, more unfettered economic agenda. Both Mitterrand and Delors feared a perpetuation of market imperfections, and the social problems that invariably accompany them within a new neo-liberal programme of integration. To these ends, both Mitterrand and Delors were instrumental in raising awareness of the need to include a more social dimension to the European debate, in order to provide both a greater level of stability to the current status of the EU and to facilitate more even economic convergence: both internal and external. The EU, they argued, must now play a much greater role in regulating European capitalism in order to offset the imbalances that had first started to appear in the national European economies in the 1970s – unanticipated by advocates of spillover – where they could potentially widen in this period of accelerated market convergence. In this way, the argument proposed by Delors and supporters of a more European regulated capitalism, was
that the economic blueprint that had taken the integration project thus far would need to undergo serious revision in the light of changing socio-economic conditions.

It was quite clear to individuals such as Delors that the concept of 'instrumental loyalty', where the benefits of economic integration had been seen as the key to gaining the hearts, minds and the legitimate support of the citizens of Europe, had proven to be untenable up to this point. Delors feared that this scenario was in danger of becoming even more of a fragile concept without a more concrete social dimension through which to underpin economic convergence. In particular, there was an awareness that western prosperity could no longer be guaranteed following on from the economic recessions of the late 1970s and early 1980s, where a widening gap between the 'haves' and 'have nots' accompanied a marked rise in levels of unemployment within the member states. In this new economic and political climate, it soon became clear that the 'new' Europe – one that was being constructed primarily to face the new realities of globalization – was in danger of promoting a new divide of winners and losers in the single market. The exacerbation of regional imbalances was the principle indicator of this divide where it was generally acknowledged that levels of unemployment and social exclusion could often be traced to regional and area concentrations. Although regional imbalances had always existed to a certain degree, they became more pronounced as the stages to completion of the single market progressed. These regional disparities were also compounded by the problems of structural unemployment, which now appeared, to a greater or lesser extent, in all of the member states of the EU.
Market disequilibrium, 'the new regionalism' and the nature and causes of territorial imbalances

As Schirm (2002) has pointed out, one of the fundamental reasons behind the new push behind European integration in the 1980s was the global challenge to national economic efficiency. One of the consequences here, as Dunford (2002) argues was:

A crisis in the way in which nationally based models of development were organised and there was a significant change in the structure of economic life and organisational strategies of the state. At a political level, these changes included a deconcentration, or decentralization of the state with, in many cases, a significant role for regions in the shaping of economic development, market liberalization, sale of public assets, and a switch to supply side economic measures (Dunford, 2002:89).

Regions have, in many ways, become the principle actors within new socio-political configurations that have gone beyond a previous preoccupation with national performance indicators and centralized political solutions. In recent years, economists and politicians have looked increasingly towards local factors in helping to explain the salient factors and conditions that best facilitate economic growth in today's particular market conditions. The general consensus, and principle argument proposed by commentators such as Porter (1990) and Storper (1995), revolves around the argument that decentralized regional structures are able to provide for a more effective allocation of resources; to facilitate higher levels of trust and reflexivity; and they are flexible enough to foster greater innovation in enabling locales to overcome market contradictions. Regarding the implications of this argument, Giddens (2000) argues that the nation state, as an ideal type, now comprises what he calls a 'shell institution'; that is to say it is now too large to deal with small issues and too small to deal with the bigger issues.

However, just as regions have become the new 'lynchpins' of market integration in Europe, so they have also become the focus of the corresponding problems of economic convergence. As Hill (2001:56) notes in relating the implications of regional development
to European integration, 'while the promotion of free trade has permitted the efficiency and maximization of total income within the Union, what about the *distribution* of that income?' He argues that the process of the single market has been an uneven process where, while some groups have obviously gained, inequalities among some groups and regions have obviously widened. In this way, as he points out;

A region may become depressed through some autonomous change in demand or supply or the interplay of market forces. In the EU context, comparative market advantage benefits the more efficient firms, which expand their outputs and supplant the less efficient firms. Expansion and contraction are opposite sides of the same coin. Because of what economists have come to call 'market imperfections', the gainers and losers from the single market tend to be regionally concentrated. A depressed region is unattractive to entrepreneurs and therefore lacks investment, so the depression becomes cumulative. Within this picture, there is no reason to expect market forces to correct regional imbalances (Hill, 2001:57).

The major problems that indicate regional imbalances are primarily, low incomes, low productivity and high unemployment. While the growth and unification of the EU has historically been characterised by a commitment to what have been seen as the benefits of economically driven integration, it has been accepted by economists and politicians in more recent times, that there are a number of *market imperfections* that will always serve to prevent complete market integration. While these have cast obvious doubt on the spillover effect so optimistically forecast by European elites in the early days, the increased pace of integration since the mid-eighties has also become illustrative of the fears expressed by Delors on the need to acknowledge the importance of including a social dimension to underpin market convergence. Hill has identified the confounding variables or potential issues that threaten market balance. These may include:

- **Locational factors;** in reality, the perfect mobility of goods and services does not exist. The occurrence of this situation generally translates into *locational factors* where the absence of things such as market access, access to inputs such as raw materials or
administrative or financial centres and access to skilled labour cause structural, market imbalances.

- Wage differentials; comparative wages in different areas may render some regions uncompetitive, particularly where these wage differentials exceed productivity levels. This situation will contribute greatly towards a region becoming uncompetitive.

- Labour mobility; generally, labour is not perfectly mobile with the least skilled being the least mobile. This means that there is a general tendency for the more skilled labour force to migrate to the richer regions, leaving the less skilled more localized in the poorer areas, further negating their market stature.

As Hill concludes, it has increasingly become the consensus among politicians and economists alike, that ‘regional income disparities are a form of market failure and some form of political intervention is now seen as essential to their amelioration’ (Hill, 2001:57). In this way, writers such as Kleinman (2002) suggest that there may now be a greater need for a degree of responsibility for redistribution to be coordinated at a more supranational level of government. As he points out, this scenario has been acknowledged in policy at European level and, as well as the social dimension incorporated into the SEA itself, later treaty amendments at Maastricht, Amsterdam and Nice have all carried a more social policy oriented agenda, with the expansion of policies concerned with promoting greater cohesion constituting the figurehead of these initiatives.

**Unemployment and social polarization in the New Europe**

Rising levels of unemployment have been a particular concern at Community level particularly since the early 1990s, becoming perhaps the biggest internal ‘contradiction’ in relation to the aims of both social cohesion and economic integration. Drawing on the influential New Regionalist economic debate, Williams (1996:171) has observed that
spatial inequalities in the Community contribute to and reflect social and economic inequalities'. Leach (2004) points out that employment figures that consistently run at a level of around 10% of the working population bear testimony to the fact that the problem of unemployment has been one of the main 'anomalies' to have challenged the spillover effects predicted by the early integration theorists and has become possibly the primary concern in the EU's stated aim of facilitating greater cohesion and a more socially defined Europe. As Rumford points out;

To inquire into the problem of unemployment in the EU is to lift the lid on any number of important issues: some to do with the way in which the EU renders internal problems amenable to policy solutions and others concerned with questions of a more sociological nature, such as the shifting meaning of employment, and the relationship between joblessness and social exclusion (Rumford, 2002:126).

As argued above, while the 'context and process' of European integration remained in relative alignment, the post-war economic boom and the Washington consensus that framed this situation helped to bring about a situation characterised by nearly full employment and an almost standardised system of welfare provision in Western Europe. What Rodriguez-Pose (2002:112) has called 'the golden age of industrialism' helped to initiate a dramatic reduction in levels of poverty across Europe, reduce the demarcations between class divisions, while the 'European model' welfare system helped to provide a substantial safety net for families, the elderly, the unemployed and the weaker members of society. The most significant development of the socio-economic changes that brought to an end this period of what Esping-Anderson (1999) has called 'the three pillars of employment, prosperity and social citizenship', has been the significant rise in levels of unemployment across most of western Europe.

Rodriguez-Pose suggests that, while unemployment levels are notoriously difficult to measure in any accurate way, it is nevertheless possible to discern very distinct trends that have occurred over the last thirty years or so. He points out that 'whereas in the early
1970s all the current member states of the EU – with the only exceptions of Ireland and Italy – had unemployment rates below 5%, since the first oil crisis of the mid-1970s the panorama has radically changed. Unemployment rates began to creep up consistently from 1975 reaching rates of 10% or higher in many western European countries during the 1980s’ (Rodriguez-Pose, 2002:114). He points out that in countries such as Ireland and Finland unemployment rates actually touched 20% in the 80s and 1990s, with Spain actually exceeding this level in the mid-1980s. As Rodriguez-Pose concludes, ‘by the mid-1990s, all the large western European countries, with the exception of the UK, had unemployment rates which were around 10% of the total active population. The economic recovery of the late 1990s has contributed to bringing employment rates down. But, in comparison with other economies around the world, west European labour markets have been significantly less proficient at creating jobs’ (Rodriguez-Pose, 2002:115).

As Rodriguez-Pose then considers, what is also important to take into account, is the fact that sub-national unemployment rates are apt to give a truer picture of the realities of regional integration, where there is a clear core-periphery inclination that is singularly hidden when unemployment figures are taken from a national perspective. As he goes on to argue:

The highest unemployment rates tend to be concentrated in many peripheral areas and in those areas undergoing strong processes of industrial restructuring. Unemployment rates of above 16% in the south of Italy, southern and western Spain, and the former East Germany can be included in the former category, the high rates of northern France, Wallonia of Belgium, and the old industrial havens of West Germany or northern England in the latter. Many inner city areas also suffer from relatively high unemployment rates. Low unemployment rates, by contrast, tend to be found in the peripheries of large urban regions and in many intermediate regions, such as those in the south of Germany, Austria, and north-eastern and central Italy (Rodriques-Pose, 2002:116-117).

There are several reasons that have contributed towards the increasing unemployment levels in the EU as being perhaps one of the central economic and social problems in regard to European integration. As Rodriguez-Pose points out, firstly, ‘having a large
percentage of the willing-to-work population idle represents a waste for the European economy, where, given the rigidity of European labour markets, the occurrence of unemployment is higher among the younger and better prepared generations' (Rodriquez-Pose, 2002:117). Thus, high levels of economic inactivity and above average rates of unemployment tend to contribute towards low growth. Secondly, he argues that high unemployment rates across the EU have been instrumental in creating a problem identified by academics and politicians as being one of 'social exclusion'. In the context of European integration, it has become a general consensus that, if left unchecked, zones that are characterised by high levels of social exclusion may lead to an increasingly marginalised 'underclass' within Europe's population. According to this argument, the socially excluded include not only a sizeable percentage of younger groups and individuals, but also the less skilled, women, ethnic minorities and an increasing proportion of those over the age of fifty. While those deemed to occupy the status of socially excluded occupy a fairly diverse range of categories, Rodriguez-Pose argues that there is a significant correlation between social exclusion and unemployment with the latter providing a fairly accurate prediction of the former in the majority of instances.

So, partly through the concerns of individuals such as Mitterrand and the more influential Delors, the SEA, whilst being primarily concerned with completion of the internal market, also provided the first real attempt, as Nugent (1999) points out, to address concerns regarding internal issues of economic and social cohesion at European level. As such, Kleinman (2002:86) argues that the time of the SEA 'was a crucial period for the European Union, both in regard to social policy and more generally'. As he points out, 'by the mid 1980s, pressures for the EU to become more involved in social regulation had built up. These changes had been brought about, primarily by a realisation that an elite led, technocratically designed European Community would no longer be viable in the 21st
century where economic integration and unyielding faith in the laws of 'comparative advantage' needed to be updated to include more socially oriented goals. In this new economic climate, market imperfections - local, regional and national - held the possibility of endangering European unification by exacerbating increasing tendencies to diversification.

Social exclusion in the EU

Social exclusion...is not the same as poverty. The majority of those who are poor at any one time would not be ranked amongst the excluded. Exclusion ranks with being 'poor', 'deprived', or 'on a low income' in several ways. It is not a matter of having fewer resources - but of not sharing in opportunities that the majority have...The deprived are losers but the excluded do not even take part in the game (Giddens, 2000:105).

Within the framework of these arguments, the concept of 'social exclusion' has taken on a prominent place in debates on social inequalities and European policy discussions, relating to what the Commission see as 'a decline in social cohesion and social solidarity and the need to reintegrate the socially excluded into mainstream society' (Atkinson & Davoudi, 2000:428). The term itself originated 'in the social policy of the French socialist governments of the 1980s' (Percy-Smith, 2001:1) and constitutes an attempt to account for the broader social impact of poverty. The term social exclusion tries to take account of some of the wider sociological and demographic changes that have occurred over time, particularly in the member states of the EU. For example, changes in the class structures of modern societies have seen an expansion of the middle classes, a shrinking working class employment sector and a more diverse ethnic make-up. This has accompanied an expansion of service sector industries and the 'information economy' and a decline in industrial based manufacturing and low-skill employment opportunities. There has also been a 'feminization' of the workplace where greater numbers of women have entered paid employment over the last three decades.
Rhetorical and practical application of the term ‘social exclusion’ also tries to account for the controversies which marked out previous frames of reference that were used in relation to the position of socially and economically marginalised groups and individuals, notably the use of terms such as ‘underclass’. While the term ‘underclass’ (see Murray, 1990) was developed in the 1980s to explicate the problems facing socially and economically marginalised groups and individuals in late capitalist society, it was criticised by many (see for instance Byrne, 2002 and Levitas, 1996) who felt that its primary emphasis focused on the failings of individuals themselves rather than attempting to address and acknowledge the influence of structural change. Structural issues were summarily overlooked by the chief proponents of underclass theory and it was felt in many ways that the term served as a political convenience for the large scale social transitions that had been ushered in by the new global economic changes that had taken place. Use of the term social exclusion, on the other hand, tries to chart a ‘middle course’ between the structuring imperatives of the market and the responsibility of individuals in this scenario. Madanipour et al (quoted in Byrne 2002:2) argues that, in the light of the changes that have characterised late modern society, social exclusion must be considered in terms of being a ‘multi-dimensional process, in which various forms of exclusion are combined: participation in decision-making and political process, access to employment and material resources, and integration into common cultural processes”.

Atkinson and Davoudi (2000:428) point out that ‘within the EU, the term ‘social exclusion’ first came to prominence during the Presidency of Jacques Delors’. As argued above, it was during this period that many of the assumptions that had underpinned the essentially economistic logic of integration began to be questioned along with the capabilities of the member states themselves to be able to ‘reduce levels of poverty to a residual state of affairs which would realistically disappear with progress and growth’. In
this way, the growth of unemployment and poverty throughout the 80s and 90s led to a more ‘activist’ stance, on the part of the Delors’ administration, to provide European led initiatives in the area of social policy where the link between unemployment and labour market exclusion has now become perhaps the defining feature underpinning EU rhetoric on ‘cohesion’ and European led social policy initiatives.

While the term ‘social exclusion’ locates economic and social marginalisation within a broader understanding of the social processes that serve to ‘exclude’ individuals from full citizenship, it is exclusion from the labour market that is seen as the primary determinant of those who are seen as those who are more likely to suffer from economic and social marginalisation. In this way the notion of ‘active citizenship’ has come to eclipse and replace the modernist concept of ‘welfarist citizenship’. As Rumford (2002:129) points out, the problem of unemployment has now become *individualised*. As he argues, ‘the unemployed are now relabelled as ‘job seekers’ and the individual has been recast as an ‘entrepreneur of the self’, investing in his or her own economic capital and taking responsibility for the management of his or her career’. Thus, participation in the labour market is seen as the antidote to social exclusion and contemporary social policy initiatives must be geared towards empowering the ‘reflexive agent’ who is able to take advantage of the opportunities provided by the new information-based economy. As he points out, the EU’s policies in this area also provide a neat fit into the particular market strategy that has characterised the post 1986 phase of integration whereby the high levels of unemployment that have characterised many member states have been identified as a crucial factor in influencing the lack of international *competitiveness* across the EU as an economic region. In summary, social policy at European level – in a reflection of the philosophical sea change that has occurred in welfare policy in the majority of member states – sees
economic and social policy as two sides of the same coin, where policy initiatives must be geared towards a synthesis of the two instead of as polar opposites.

**Social policy: peripheral to economic convergence?**

It is clear then that, as integration has progressed, there has been an increasing need for the EU to provide a market correction device and some form of regulation to more directly address increasing levels of unemployment, territorial inequalities and social exclusion. Historically however, the reach of the EU into areas concerning social policy issues has been rather weak. Lange (1993:7), argues that the history of social policy in the EU has been characterised as ‘one of good intentions, high principles and little action’ where, this situation has generally been a reflection of the concerns of governments to retain their power in areas of policy that they perceive as being integral to territorial sovereignty and bureaucratic state remit. In this way, there has been a continual reluctance on the parts of member states to cede policy matters in this realm: illustrated by the British government opt out of the Social Chapter in 1991, and also more widely demonstrated by some of the ‘flexibility provisions’ recognised in the Treaty of Amsterdam (Farrell, Fella and Newman, 2002).

Social policy was not seen as being an integral part of the early years of European integration, reflecting the functionalist logic underpinning the drive towards economic convergence. As Dinan (2000:46) elucidates, ‘the prevailing attitude held by the original architects of European integration was that the common market would, of its own accord, promote throughout the community a harmonious development of economic activities, and thereby alleviate any disparities between regions’. Similarly, Hantrais (1995) contends that, at the outset of the common market, there was in fact no common agreement on areas of social provision between the original six members, who had their own *national* policies
to address issues such as providing assistance to areas that were undergoing industrial transition and in supplementing aid to backward regions who were perceived to be falling behind other areas in comparative GDP measures. As Kleinman points out, ‘the social aspects which were apparent in the original Treaty of Rome were primarily restricted to removing some of the barriers to labour mobility, some degree of social harmonization across the six members regarding equal pay in employment and also holiday pay’ (Kleinman, 2002:84). Up to the mid 1970s, there was still little activity in the area of social policy. The European Social Fund was established in 1960 and the Regional Development Fund had a ‘social’ as well as a regional dimension. However, as Wise and Gibb (1993:108) point out, ‘by comparison with the Common Agricultural Policy (CAP), spending was tiny, and in this period, the EU continued to emphasise the benefits of economic integration rather than any strong commitment to social goals’.

As argued above it has been the most recent stage of integration that has perpetuated a more critical reflection on, not only the ‘context’ but also the ‘process’ of European integration, where the inadequacies of functional spillover as an overarching agenda for European unification have become increasingly apparent through territorial disparities, unemployment and social exclusion. As Atkinson and Davoudi (2000:429) suggest, it was the concept of social exclusion, and its implications for a cohesive Europe, that framed Delors’ wish, and the desire of some of the member states themselves, to ‘see that the development of the single market should now be accompanied by greater social integration and cohesion. The concept of social exclusion functioned as a key concept in this next stage of integration and provided the justification of and the mobilizing force, in the Commission’s greater intervention into the area of social policy’.
From government to governance?

It has been suggested that developments in the area of an EU instigated social policy, combined with the apparent breakdown in neo-functional spillover, have been instrumental in raising 'wider questions regarding the nature of governance within the EU' (Atkinson & Davoudi, 2000:43). While, as pointed out above, substantive or traditional social policy itself has remained largely within the remit of national governments, during the Delors administration, the European Commission began to take on a more regulatory role in regard to social integration. What this means in practice has been explained by Atkinson and Davoudi, who argue that;

The Commission, drawing on Declaration 23 annexed to the Maastricht Treaty, began to model itself as 'image entrepreneur', creating consultative institutions in which different interests (management, NGOs and user groups) could be brought together to enter into a process of 'civil dialogue' from which consensual policies could emerge. By establishing the 'rules of the game for participation in these the Commission could create a semi-structured context in which different interests and networks were brought together to negotiate on issues important to them within a common framework and create new forms of interdependence. It was in and around such fora that the 'informal politics' which characterise much of the Commission's action could develop (Atkinson & Davoudi, 2000:430).

They point out that the Economic and Social Committee, the revamped Committee of the Regions and the European Social Policy Forum area all example of 'institutionalising civil society' whereby 'NGOs, voluntary organisations and other 'social partners' have an input into EU social policy making and are informed about EU level developments' (Atkinson & Davoudi, 2000:431). Geyer (2001:477) suggests that, in adopting this strategy, the EU are attempting to build coalitions among social NGOs 'to form the political and institutional backbone of a social policy network with which to help maintain and defend the European social model' in the wake of opposition from member states over who assumes the responsibility in the area of social policy. Perhaps more importantly, this political arrangement suggests that the EU is trying to strengthen democratic input in an area where tapping more into local knowledge, particularly in regard to the more complex nature of
managing the problems associated with market failure such as unemployment and social exclusion – will enable greater market regulation through a more effective reconciliation of economic efficiency and social needs.

*Cohesion Policy and European Governance*

Greater efficiency, and a greater role for what has come to be known as ‘cohesion policy’ has been seen as playing an increasingly vital role in an area where, despite a more enhanced role, social policy continues to remain largely peripheral at European level. While the increasing relevance of cohesion funding does not as yet translate into a coherent, European instigated social policy agenda, many have argued that the more recent developments in this area, and the principal redistributive mechanisms of the structural funds, may be areas of policy with the potential to provide a more social dimension to the future expansion of the EU. While budgetary allocation in this area is still fairly limited, its growing significance can be illustrated by the fact that it is set to overtake the Common Agricultural Policy (CAP) as the largest area of funding provision at European level and the targeting of and maximising of resources is seen as playing a key role in the future of the EU and to specifically addressing the more social aspects of European integration.

As with the instigation of the European Social Policy Forum, the 1988 overhaul to the structural funds reforms gave a new emphasis to the role of partnerships and local involvement in both initial decision-making through to the practical implementation ‘on the ground’ of the structural funds themselves. Importantly, as Bailey and De Propris (2002:245) suggest, the 1988 reforms became something of a landmark in EU policy via the ‘first introduction of a ‘bottom up’ approach to regional policy, design, implementation and monitoring, where it represented a move towards involving different tiers of government and partnership between different actors both public and private’.
Developments in Cohesion Policy have excited some EU scholars in view of future developments in EU integration. Sutcliffe (2000:102) for instance, points out the significance in the way that ‘the structural fund regulations, as they have developed since 1988, deliberately seek to involve sub-national actors and diverse interest in the different levels of decision making and execution of social funding provision’. As such, Hooghe and Marks (2001) point out that, developments in this area suggest that the Monnet era of institutionalised functionalism has now been superseded by events that have had the effect of opening out the European project into a much wider arena of debate and consultation. As they point out, in accord with contemporary academic political discourse in general;

EU decision-making has now become less technocratic, much more contentious and less insulated from public opinion. Fewer decisions are now resolved by rational/scientific means to given ends, while more decisions now revolve around political goals concerning the changing circumstances of European integration. In particular, from the mid-1980s and the single market programme, decision making has now come to reflect the ever wider array of groups and issues that have been drawn into this political web; transforming the political space that is ‘Europe’ into one that is no longer defined by a single path (Hooghe & Marks, 2001:122).

Capitalist restructuring and European integration

Observers such as Van Apeldoorn (2002) remain sceptical to the extent that we are seeing the emergence of an effective European social model and that the integration process is itself is becoming more democratised in these areas. Integration, they argue, remains structured by economic concerns in the last instance. In fact, the argument proposed by commentators such as Van Apeldoorn (2002), Gill (2004) and Dunkerley and Fudge (2004), points out that the phase of integration since the SEA of 1987 was ratified has seen a much harder-edged, market centred model of the EU that is being driven by globalization and more intensified market competition. In relation to the period from the mid-1980s and the ‘relaunching of Europe, Van Apeldoorn himself points out that:

The European integration process has become increasingly biased in favour of deregulation and the free play of market forces, establishing the primacy of negative integration (market liberalisation) over positive integration (providing public goods at a European level).
European integration thus has come to be bound up with a restructuring of Europe’s socio-economic order (Van Apeldoorn, 2003:1).

Van Apeldoorn suggests that, while the ideas of Monnet, Schuman and their colleagues may have shaped much of the path by which integration proceeded for the first thirty years or so, we have to examine the content of the ideas that shaped the re-launch of European integration and to consider more closely the reasons why these ideas should have gained ascendancy at this particular period of time. The fact that neo-liberalism won out over what were the main rival ideological projects of neo-mercantilism and supranational social democracy is, he argues, indicative of the crisis that European capitalism found itself in at this time where elite response to the decisions that needed to be made at this time converged around a particular solution to the problems of ‘euro sclerosis’ vis-à-vis the ‘organic crisis’ in which capitalism found itself. In this way, Van Apeldoorn suggests that the Treaty revisions that have taken place since the mid 1980s have been driven primarily by a neo-liberal vision of European integration where business interests and trans-national capital now have a far greater influence in informing the ‘high politics’ of the EU than was previously the case. Van Apeldoorn goes further to postulate the emergence of a transnational class agency – coalitions of influential business lobbyists such as the European Round Table of Industrialists and elite politicians who have coalesced around the common goal of market integration. He postulates that they are now in a much more influential position to be able to influence and perpetuate the hegemony of neo-liberalism at the high end of politics in the EU. While there has been a restructuring process within the realms of European governance – illustrative in the emergence of embryonic EU social policy initiatives – this has primarily been in sympathy with greater market liberalization and negative integration where the needs of capital accumulation remain the overarching framework for decision-making.
Summary

It is clear that the 'Monnet method' of integration, where European unification was seen as resulting from the benefits of economic functionalism, has been challenged in the most recent stages of integration. 'Contradictions' such as regional disparities in income and wealth, unemployment and social exclusion have brought with them a greater awareness of the importance of including a social dimension to the European project with which to supplement the concerns of economic integration. In the context of this argument, the last fifteen years or so has seen a shift in governance where the Commission have promoted a more 'bottom-up' governmental approach in which they have tried to engage a greater number of groups and individuals in the decision-making process. While the European project remains predominantly driven by economic concerns, the Commission believe that drawing upon more grassroots support in areas where the market is inefficient provides the potential to be able to regulate the vicissitudes of European capitalism more efficiently than was previously the case. Negative integration, it is argued, and the removal of trade barriers and tariffs, must be supported by positive integration and the need for wider dialogue on how this can realistically be accomplished.

Commentators such as Van Apeldoorn are less optimistic in regard to these claims however. While market regulation initiatives, and the promotion of less top-down measures of decision-making in strategic policy areas, have become increasingly more apparent at EU level, observers such as Van Apeldoorn point to the way in which 'social Europe' is framed within the terms set by the new neo-liberal agenda where cohesion is seen to be first and foremost as the efficient functioning of the market rather than the social democratic provision of social policy initiatives.
Chapter 2

Regulating globalization: shaping the 'European social model'

1985 to the present

Introduction

As Chapter One explained, the development of the European Union has been pursued through an economic agenda in the main. Furthermore, while being defined within these parameters, the principles of what has come to be called 'negative integration' have been characterised by a decision-making process that remained largely insulated from public opinion and wider debate: initiated in the main by an elite group of politicians and technocrats. In this way, as Williams (1996:150) has pointed out, 'while the importance of politics in the shaping of the EU should never be underestimated, the central logic behind much of the long-term evolution of the Community has been geared towards the requirements of capital accumulation'.

It was argued that this ideological initiative could be traced, principally, to the influence of a particular set of ideas, most notably those of Jean Monnet and Robert Schuman, whose conception of 'functional spillover' as the most logical way through which long term integration could be best facilitated, was instrumental in informing the overarching agenda of the fledgling 'Europe' and, by implication, the constituent roles that would be played by the High Authority, the Parliament and the Council of Ministers. As Featherstone argues: 'this specific agenda was then crucial in affecting the nature of the particular integration process that was set in motion, and which proceeded to play a part in informing all subsequent debates on the shaping of Europe' (Featherstone, 1994:159).
As Chapter One pointed out, this method of integration was largely successful in providing economic gains and a degree of political cooperation for the original six members of the EC. However, subsequent enlargements, and what Henig (2002) has described as the ‘context and process’ of integration, then served to expose the idea that ‘functional spillover’ would be the sufficient means through which to solve the long term difficulties in integrating economic and social goals. In particular, as Rosamund (2000:60) has pointed out, as the integration process unfolded it was no longer realistic to simply assume that ‘politics would follow economics’. Episodes such as the ‘empty chair debacle’ had shown the power of veto in setting the agenda according to national interests. Fears that the SEA – and the relaunch of European integration in the mid 1980s – would exacerbate already existing social and economic imbalances in member states raised an awareness among Europe’s decision makers – notably Mitterrand and the then Commission president Delors – ‘for the need to accompany the goal of market integration with the need for complementary goals which serve the general interest by promoting ideals such as social cohesion and equality’ (Heritier, 2001:825). The Commission in particular has become much more active in promoting a social policy agenda where the promotion of greater dialogue in these areas and the inclusion of a wider variety of actors has been viewed as a particular innovation.

While Chapter One was more concerned with why there was a perceived need for greater market regulation at a European level, Chapter Two will look more closely at how the EU, and particularly the Commission, has played a greater role in ‘regulating’ and more effectively managing European capitalism within the wake of the arguments discussed in the previous chapter. Specifically it will look at how the Commission have initiated a group of policies aimed at facilitating greater ‘cohesion’ – a term coined at the time of the
Maastricht Treaty – where part of the impetus has been to provide a greater social
dimension to supplement market integration. As pointed out in Chapter One, it is perhaps
the advent and promotion of 'social dialogue' which forms the principal basis of social
policy in the EU. As the last chapter argued, substantive social policy – at least in regard
to traditional European member state welfare mechanisms – has been fairly conspicuous by
its absence throughout the history of the EU. This has in part been a result of the
continued dominance of member states in framing social policy and a traditional reluctance
to cede sovereignty in these areas.

What has come to be called 'The Lisbon Agenda' is perhaps the best current illustration of
the EU’s current role in and future direction in the area of social policy. With its promise
to transform the EU into the most competitive and dynamic knowledge-based economy in
the world – one that is capable of sustaining economic growth alongside more and better
jobs – a large part of the impetus behind the Lisbon agenda is to stimulate and promote
greater dialogue between social partners through what has become known as the open-
method of coordination. This new mode of governance aims to incorporate and develop
the three sides of policy that constitute the Lisbon triangle namely, economic aims,
employment initiatives and social policy coordination. The Open Method of Coordination
(OMC) has been seen as a particular innovation in these respects in that it seeks to create
dialogue in areas such as the social policy where the influence of European governance
remains limited. While EU intervention in social policy must still be seen as ultimately
peripheral, at least in terms of the ideas that have been associated with traditional welfare
provision, the status of the EU as a facilitator in areas such as ‘job quality’, labour market
regulation and cross-national cooperation on best practice in areas such as unemployment
and social exclusion, suggests that this is where the future of the European social model is
directed. In fact, the more obvious measures of social dialogue have been principally aimed at providing more coordinated efforts to tackle the problem of rising unemployment — seen as the major cause of social exclusion — and greater coordination between the social partners and formal structures of governance.

Exploring the idea that social dialogue and widened participation are the primary way through which ‘social Europe’ is being developed, the next part of the chapter then goes on to look more closely at how these policy developments link into the concept of cohesion and, in particular, at the role of the structural funds. As Dinan (2000:46) points out, ‘the concept of cohesion has become a fundamental objective of the EU, and has taken on a greater sense of urgency in more recent times’. A general objective of the EU in more recent years regarding the aim of reducing economic and social disparities between the richer and poorer regions in the Euro-zone, Leach (2004:27) has described the aim of cohesion as a policy instrument forged in the best traditions of ‘social solidarity’. As with the Lisbon Agenda, the upgrading and changes that have been made to the structural funds reflect the aims of the Commission to invoke ‘subsidiarity’ where applicable, whereby policy is implemented through ‘appropriate’ levels of decision-making.

Hooghe and Marks (2001) suggest in fact that cohesion policy in general and the structural funds in particular provide the best illustration of what has come to be termed multi-level governance, where decision-making has moved away from the top-down approach that has characterised much of the history of European integration. In this way, the chapter finishes by considering some of the changes that have characterised the evolution of the structural funds, paying particular attention to the period subsequent to the 1988 reforms where the construction of a policy domain characterised by multi-level governance has been the
principal aim. As illustrated in 2001’s *White Paper on Governance*, developments such as these are seen as being a significant development in these respects where the aims have been to devolve the decision-making process in order to engage more fully with appropriate levels of expertise, particularly through the idea of ‘partnership working’. The aim here has been to help to make policy implementation more efficient while simultaneously democratizing the decision-making process. It has been argued that these policy developments rely much more on the salience of ideas, learning processes and innovation than the top-down style of government that characterised previous Community methods.

**European integration and social policy**

Between the 1940’s and the 1970’ working life in the advanced capitalist countries was shaped by a combination of a long economic boom and the creation of the Welfare State. Incomes rose steadily, inequalities in income and wealth were reduced, and the worst extremes of urban poverty were virtually eradicated. But the ‘long boom’ is long over. European economic growth rates are now half those of the mid-1960s, while unemployment is three times higher and the welfare state is being unravelled (Lovering, 1997:63).

As pointed out in the previous chapter, the EU has historically had a fairly limited role in the area of social policy; its political remit growing initially and in response to what Geyer (2000:245) calls the ‘embedded liberalism of west European capitalism’ where social policy was an integral part of the three way cooperative between state, labour and capital.

There are a number of reasons for the lack of any real historical development in this area. Firstly, as argued in the previous chapter, the main decision-making architecture was principally guided by faith in the benefits of economic integration and its framing in neo-classical economic theory (Geyer, 2000). As pointed out in the previous chapter, this belief was initially confirmed by the remarkable growth and stability of the European
economies from the 1950s through to the early 1970s, where it was thought by the original architects, that the market itself would provide the necessary ‘spillovers’ through which to bolster national welfare distribution systems. Secondly, and initially confirming this ethos, social policy has been an area that member states have traditionally been reluctant to cede sovereignty, and the EU has been able to make only incremental progress in an area that has been characterised by political contention over sovereignty issues and concerns relating to ‘creeping federalism’. A third reason, and linked to the second explanation in many ways, is the EU budgetary allocation, which would at present be limited in regard to performing the function of a European welfare state per se.

Defining social policy

Falkner (2003:264) asks the question: ‘what is social policy?’ Citing the work of T. H. Marshall (1950), perhaps the most influential theorist on the role of social policy in contemporary society, she suggests that such a definition would include an awareness of:

The use of political power to supersede, modify operations of the economic system in order to achieve results that the economic system would not achieve on its own (Faulkner, 2003:264).

Marshall’s ideas on the theoretical underpinnings of social policy in capitalist society became influential in that they were perhaps the first to really explore the ways in which social welfare and appropriate mechanisms of provision could be a realistic platform through which to substantiate the three elements of social, civil and political dimensions of modern citizenship. Taking Marshall’s ideas of welfare provision as a starting point, it is firstly obvious that the EU cannot be considered as being a conventional governing polity: the site of traditional welfare and social policy provision. Regarding the status of welfare and social issues, Kleinman (2002) suggests that this raises two questions relating to the EU’s institutional capacity in respect of areas of governance such as welfare provision and
social policy. He suggests that the first one is to do with 'the competence and ability of the institutions to formulate, implement and evaluate policy on behalf of hundreds of millions of citizens. The other relates to the legitimacy and accountability of the EU institutions in so doing' (2002:123). In regard to the second point, as Faulks (2000) points out, social policy has been bound closely to the historical development of the nation-state and the institutionalisation of the particular inclusion/exclusionary devices of modern citizenship. The development of EU social policy on the other hand, can never recourse to this historical linkage, meaning that there are difficulties in grounding any conception of a European citizenship within a substantive social policy agenda.

Even so, while there is a general acknowledgement that European initiatives could never be conventionally regarded as social policy initiatives per se, at least in comparison to nationally defined citizenship, since the formation of the initial structures of the ECSC, there was an awareness that there would need to be some degree of social provision built in at the start of the European project. However, as Bainbridge (1998:143) points out, 'the Treaty of Rome was drafted at a time of high employment and relative prosperity in western Europe and there seemed no reason to believe that this period of stability would not continue. Treaty provisions in this area were few, and limited to relatively minor aspects of employment such as vocational training'.

As argued above, it was felt overall by the founding fathers of European integration that economic growth – instigated in part by increased economic integration – would itself inform and contribute to the status of welfare provision and social policy. Kleinman (2002) argues that the limited social policy provisions that were made at this time, sum up the ethos that more substantial welfare measures, and the more informal ideas related to
citizenship status theorised by commentators such as Marshall, would follow on subsequently from economic growth *per se* and would not come from regulatory or redistributive social policy initiatives. In this way, it was assumed that member states had no need to either cede sovereignty in the social policy domain or to push the agenda for wider policy coordination through the new European institutions. As Kleinman points out, ‘the dominant orientation of the Treaty was neo-liberal and pro-market’ and consisted of:

- Provisions relating to the free movement of workers (Articles 48-51);
- The right of establishment (Articles 52-58);
- Freedom to provide services (Articles 59-66);
- Improved working conditions and living standards (Article 117);
- Close cooperation in the social field (Article 118);
- Equal pay between men and women (Article 119);
- The right to paid holidays (Article 120);
- The establishment of a European Social Fund (ESF) to improve employment opportunities and increase geographical and occupational mobility (Kleinman, 2002:84).

In this way, he argues that social policy measures at this stage were primarily geared towards removing some of the barriers to *labour mobility* and to facilitating a degree of *social harmonisation* through which to supplement economic convergence between the six members of the time. As Falkner (2003:265) argues, ‘social policy competences were to remain a largely national affair. The early years of European integration did not provide for the Europeanization of social policies as too many delegations had opposed this at the negotiations leading up to the Treaty’. In short, the common market, as it was originally designed, was constructed to aid and abet national policy strategies and not to transcend
them or to interfere with them. In many ways, social policy in the period of European integration up until the mid-1980s confirms the arguments proposed by integration theorists such as Milward (1992) and Moravcsik (1991) who argue that much of the ethos and development of the EC has been designed primarily to bolster national interests as opposed to any conscious inclinations towards federalism.

As the last chapter argued however, the gradual de-alignment of the 'context and process' of European integration, vis-à-vis subsequent enlargements and changes in the global market, did much to change attitudes towards the degree in which it was felt that social policy would contribute to the integration process. Since the period of the SEA, writers such as Wendler (2004:3) have commented upon what they see as the significance in policy shaping that has simultaneously occurred, through what he considers to be a phase marked by an 'ongoing expansion of social policy competences on the European level'. In this way, Wendler suggests that it is important to pay attention to institutional changes that have occurred and that have sometimes subsequently acted as 'informal catalysts' in fostering a more socially oriented agenda in the EU and a greater 'democratisation' of the process through which this could be accomplished. He suggests for example, that while the SEA was intended primarily to provide a political framework for further economic convergence, changes in qualified majority voting, introduced to speed up completion of the internal market, have been instrumental in providing the Commission with more leeway in certain areas of social policy. For instance, as Wendler points out, in the Health and Safety of Workers (Article 118a), 'changes in the power of veto in the Council of Ministers ultimately enabled the Commission to stretch its mandate through extensive interpretation of the Treaty base – such as in the case of the 1993 Working Time Directive – and to build policy coalitions and social dialogue with social partners' (2004:6). As he
argues, this arrangement became significant in influencing what had previously been marginalized areas of EU policy. Thus, in this case ideas such as those of Commission president Delors, were able to provide greater influence to areas that held the potential to provide further impetus in driving a social integration agenda. As he argues:

The function of the institutional arrangements in EU social policy has shifted from the formal setting of rules for processes of decision-making to the institutionalisation of procedural mechanisms that foster communicative interaction, the exchange of information, and the development of preferences. Politically, this change is linked to the pursuit of *proceduralisation* that aims not just at the overcoming of blocks to the process of policy-making, but also at the deliberate reinforcement of the preference-formation function of institutions in the evolution of EU social policy, along with the increasing dilution of their rule setting function (Wendler, 2004:6).

It is a combination of these changes, he argues, that has set the precedent for many of the characteristic elements of EU social policy as it stands today, where the primary focus is on *governance* as opposed to *government*, and *soft law* as opposed to *hard law*.

**What is the ‘European social model’?**

Despite what Wendler sees as the growth of initiatives designed to establish a greater role for social policy at European level, he points out that this agenda is far from being as well developed and well defined as the project of market integration has inarguably become. Furthermore, as he feels it is important to point out that, ‘it has been developed not in contrast, but as a complement to the goals of market integration’ (Wendler, 2004:8). Warleigh (2004:69) suggests that the failure of the European social model to replicate the depth and substance of national welfare provision is mainly a reflection of the fact that ‘the EU’s relative stagnation of the 1970s was overcome not by European level social democracy (which could in theory have placed the accent more on social policy initiatives) but by a largely neo-liberal project of market making’. In fact, Wendler goes further than this in arguing that that the main proponents of greater social regulation at EU level have
often sought to *legitimate* social integration by pointing to the economic costs of non-social policy. As Delors, perhaps the most influential supporter of building the social model into the European project argued:

> The European social dimension is what allows competition to flourish between undertakings and individuals on a reasonable and fair basis...any attempt to give new depth to the Common Market which neglected this social dimension would be doomed to failure (Delors, 1985:xviii).

A good illustration of this logic has been the political acknowledgement of the damaging effects of the rising levels of unemployment that have marked the most recent phase of integration. As Chapter One pointed out, this has been perhaps the main argument that has been pushed for the development of a more European initiated social policy provision, where many feel that high levels of unemployment may be potentially damaging to the success of the single market. The Commission’s review of the European economy in 1999 stated for instance that persistently high unemployment and a low employment rate remain key problems in the EU (CEC, 1999). As already argued, significant in these regards has been the link that has been made between unemployment and social exclusion where ‘active’ labour market policies can be seen to reflect ‘a Europe-wide political shift in social policy from welfare to work’ (Kleinman, 2002:161). That a primary focus on ‘employment’ would provide a figurehead for much of the rhetoric surrounding the meaning of the status of European level social provision became apparent in the early 1990s where, according to Gray (2004:62), two EU policy documents, the *1993 White Paper on Employment* and the *1994 White Paper on Social Policy*, ‘provide a crucial starting point for understanding the original concept of the European social model and how EU policies have shifted in the subsequent decade’. The background to the second of these publications, *Growth, Competitiveness and Employment: The Challenges and Ways Forward into the 21st Century* for instance, was the worryinglly high unemployment levels
throughout the Union and its discussion at a Council meeting in Brussels that year signposted it as ‘a reference point for future work’ (Bainbridge, 1998:143). The contents of the White Paper were at pains to illustrate how unemployment, and its subsequent social consequences, had risen in the EU 12 – as they were at the time – during the period of the late 1980s and that, relative to the comparative figures of the USA and Japan, there was a much higher proportion of long-term unemployed in the Euro-zone. Furthermore, the research in this document argued that there was a disproportionately high percentage of youth unemployment. The research in this White Paper went on to identify what they saw as six main causes underpinning these levels of unemployment and labour market exclusion:

- Low rates of growth and of investment;
- Declining international competitiveness;
- Relatively high labour costs (wage and non-wage);
- Failure to take advantage of new technology;
- ‘Inflexible’ labour markets in the sense of low geographical and sectoral mobility;
- An aging population (Bainbridge, 1998:144).

As Levering (1998:36) points out, a particular concern for the EU at this time was the fact that unemployment and joblessness could be considered to be one of the ‘major sources of problems for social and political order’. This is a point which characterised much of the content in the follow up 1993 European Commission Green Paper on Social Policy which claimed that:

Growing resentment at being excluded from sharing in wealth and opportunities heightens the risk of people being driven to desperation and disruptive behaviour such as violence or drugs. Insecurity generates fear of the future, often leading in turn to introspection or
susceptibility to racist ideologies, xenophobic behaviour and political and social extremism (Commission of the European Communities, 1993).

Lovering points out that, while it is the concept of social exclusion that provides the theoretical framework to this debate, it is the need to contain the effects of labour market exclusion that is seen as the principal way in which this must be addressed.

The White Paper published by the Commission in 1994, which followed up on the recommendations outlined in these two documents, was entitled; *European Social Policy: a way forward for the Union* (European Commission, 1994). Kleinman (2002:97) points out that, ‘although this paper is now nine years old, the White Paper on European Social Policy still represents the most comprehensive recent attempt at setting out the EU’s role in social policy in any kind of systematic way’. It also points the way forward, he postulates, in determining the kind of role that has been envisaged in providing a more European level of social and market regulation. As Kleinman points out, while there was a recourse here to the principles of a European social model which would help to provide a counterbalance to the free reign of market forces, this was ultimately to be tied into exploiting and facilitating the full potential of the single market and, as Bainbridge (1998:144) argues, ‘the acceptance of maintaining Europe’s international competitiveness as the key to job creation; which is identified as the main priority against a background of high unemployment’.

Kleinman points out that, throughout the document, the primary emphasis concerns the responsibilities of member state actions in social policy agenda, while the role of the EU is stressed within a supportive or coordinating role. This agenda clearly recognises the political boundaries that are implicit in social policy issues and the difficulties that would
be involved in standardization within what is a diversity of European welfare models and ideological traditions. Importantly, as Kleinman points out ‘the document recognises that total harmonization of social policies is not an objective of the EU, although convergence over time through the fixing of common objectives is possible, and indeed vital’ (2002:95). Even so, a degree of harmonization between member states amounts only to recommendations within the principles set out in the White Paper on Social Policy within a primary pursuit of ‘common objectives’ regarding competitiveness, labour market flexibility and reduced welfare entitlements. Geyer (2000) points out that the Commission’s Social Action Programme 1998-2000 crystallises and signposts the primary approach to contemporary social policy measures in the most recent stage of European integration where the focus is on three main areas: ‘jobs, skills and mobility, the changing world of work and an inclusive society’. As Geyer goes on to argue:

The Social Action Programme 1998-2000 contained all the usual array of policy proposals but framed many of them in the new light of employment policy. With the integration of the employment section into the Amsterdam Treaty and the subsequent creation of the employment policy guidelines, the Commission clearly saw an opportunity for justifying and expanding social policies through their linkage to employment creation (Geyer, 2000:253)

As Kleinman points out, the culmination of these policies have served to clarify the EU’s primary objectives regarding the content of social policy vis-à-vis the crystallization of a European Employment Strategy (EES) and, significantly, a ‘victory of the pro-market, centre-left policies associated with the British prime minister Tony Blair, rather than the more traditional Left interventionist policies of those such as the French prime minister Lionel Jospin’ (Kleinman, 2002:101).

The Lisbon Agenda

In this way, the most recent policy initiative has become known as ‘the Lisbon Agenda’, where constituent policies include the latest incarnation of the EES. Named after the 2000
European Council summit in Lisbon, the Lisbon Strategy and its implementation through what has become known as the OMC attempts to put further flesh on the bones of the EU’s intentions regarding European level social provision and the principal aim of reconciling the economic with the social. As Lindsay (2004:5) argues, ‘whereas the original EES included employability as a pillar of its approach, the more flexible, longer-term strategy now advocated by the European Commission speaks of promoting more and better ‘investment in human capital and strategies for lifelong learning’. However, as he points out, the revamped EES and the various other policy initiatives that constitute the Lisbon Agenda are still strongly reflective of the primary focus on ‘the promotion of active and preventative measures for the (especially long-term) unemployed and inactive; improving financial incentives to make work pay; and promoting active ageing’ (Lindsay, 2004:5).

Clearly, the Lisbon Strategy engineered EES is designed to constitute a further step in resolving the issues that are inherent in explicating both the complexities of social integration and also the way in which these issues are to be governed in the contemporary world. Thus, the Lisbon Agenda seeks to build upon what could be considered to have been a fairly simplistic approach to the complexities of labour market exclusion through the adoption of a policy strategy that offers ‘dialogue’ and widened policy input as a way through which to address the problem-solving framework in this area. As de la Porte and Pochet (2004:72) point out, ‘rather than being seen as a classical spillover the EES should be seen in terms of ‘pollination’. As they argue:

In theorising the context of the EES and the OMC, the dominant analytical approach is explicitly or implicitly situated in the multi-level governance literature. The starting point of this perspective is that the world (and the European Union) is increasingly complex and that traditional top down-regulatory mechanisms are insufficient to adequately deal with this complexity’ (de la Porte and Pochet (2004:72).
In this way, they argue that the EES, and its execution through the OMC, is characteristic of 'the new mode of governance' in the EU whereby multiple levels of governance and political actors interact across a 'range of innovation and transformation that has been, and continues to occur in the instruments, methods, modes and systems of governance in contemporary polities and economies, especially in the European Union' (de la Porte and Pochet, 2004:72). Again, they point out that the particular significance of the aims of these policy developments are that they have been specifically designed to provide innovation in areas of policy such as unemployment and social exclusion.

As de la Porte and Pochet point out, the significance of the OMC driven EES is that its operation links in very specifically to questions surrounding contemporary governance in the EU: namely the links that have now been forged between policy learning, democratic legitimacy and the European social model. In opposition to the top-down style of governance that has typified much of the history of the EU, execution of the OMC seeks to augment a more inclusive and participative policy framework whereby negotiation and dialogue are acknowledged as central to effective implementation.

**Implementing the European Employment Strategy through Open Methods of Coordination**

Ardy and Begg (2002) point out that the contemporary role of the OMC grew out of the inclusion in the Amsterdam Treaty of 1997 of an Employment Chapter and the agreement that was made later on that year known as the 'Luxembourg Process'. The Luxembourg Process itself was formulated through the premise that the member states of the EU would submit national statistics, monitoring strategies and target setting agendas on employment
figures in order to foster best practice and greater harmonisation in what are divergent national policies in this area. As they argue:

The key to this process is the Employment Guidelines, a decision of the Council based on a proposal from the Commission. These provide the foundations upon which each Member State draws up a National Action Plan (NAP) to describe how these guidelines are to be put into practice in the way judged to be best suited to that country. This process should involve a wide range of partners: unions, employers, local and regional authorities, etc (Ardy and Begg, 2002:194).

The employment strategy itself is laid out in the Employment Guidelines, which then serve as a guide to the formation of the National Action Plans. These guidelines are then revised on a yearly basis according to changing social and economic circumstances and in regard to decisions taken by the European Council. Ardy and Begg give an example of how this process works in practice in regard to the March 2000 European Council meeting where consultation resulted in Member States being asked ‘to develop policies to raise the aggregate employment rate to 70% in 2010 and to support the transition to a knowledge based economy’ (Ardy and Begg, 2002:194).

The current Employment Guidelines consist of 19 clauses that are intended to cover the four pillars of employment policy. These are then guided further by a series of objectives under each. The four pillars of employment policy are:

- Employability: supporting workers to gain initial employment, maintain employment and obtain new jobs, with particular emphasis given to lifelong learning and preventative measures. Specific guidelines cover areas such as action to reduce youth and long-term unemployment, and to provide pathways into employment.
- **Entrepreneurship**: concerns the ease with which a new business can be started and primed to employ people. Because of the higher potential for employment in many services, governments are asked to focus particularly on these industries.

- **Adaptability**: developing more flexible ways of working and of organising work, so that firms can be more competitive and responsive to demand, thus NAPs should include proposals for improved training.

- **Equal opportunities**: measures to make it easier for women, especially, to obtain access to jobs and training, as well as equal treatment at work. This last group of guidelines is advocated, in part, to maintain the essence of the European social model. The French emphasis on rights is, clearly, prominent in this respect, but so too are many of the Nordic traditions of equality (Ardy and Begg, 2002:194).

In addition to these guidelines, Member States are encouraged to acknowledge that the framework of employment policy is now posited within the new informational economy and also to consider the importance of promoting local and social employment. An important part of the process is the need to develop quantitative targets and indicators through which to measure and compare national differences and to deliberate on 'best practice'. It is also expected that other EU related measures, such as the structural and cohesion funds, will facilitate and support the aims and objectives of the EES. In the new 'reflexive economy', there must be a general consensus that policies very rarely stand alone and are likely to interact in ways that need to be taken into account by decision makers and acknowledged in subsequent policy implementation. Ardy and Begg point out that the key points to be aware of that define the Luxembourg Process are:
- Member States of the EU are expected, in their National Action Plans, to indicate how they plan to make progress on the four pillars of the employment strategy. These are then subject to scrutiny both by the Commission and, in the Council, by other Member States.
- This 'peer review' and 'peer pressure' could be said to improve prospects for policy coordination and might assist the search for gains in policy efficiency.
- It also draws attention to governments that do not achieve much by exposing them to scrutiny and the prospect of being given an adverse rating in 'league tables'.
- The pressures to adopt common statistical tools and to use benchmarking could help to improve national monitoring and adaptation of policy (Ardy and Begg, 2002:195).

The OMC provides a good illustration of the EU's status concerning its social policy agenda. While employment policy had traditionally fallen within the remit of national legislature and decision making processes, OMC tries to circumnavigate this distinction whereby the divergence of National Action Plans theoretically undergo a process of Europeanization and, as Ardy and Begg suggest, 'they are the mechanisms through which Union aspirations can be translated into national policy simply in setting up a process whereby different actors try to influence the national and EU agenda and policy' (Ardy and Begg, 2002:195). As they suggest, OMC promotes policy fertilization whereby there is integration between, not only different member states, but also between labour market policy and related areas.
The Open Method of Coordination: contemporary solution to EU level problem solving?

As Ardy and Begg point out 'the principal advantages of OMC are that it provides the means to move towards common solutions to common problems without demanding the sort of harmonisation that would be anathema to many governments' (2002:196). In other words, it provides a realistic way through which to traverse one of the fundamental issues that has dogged the development of a more fully integrated social policy agenda at EU level. Also they reason, it can be implemented by governments without any recourse to large scale and potentially disputable legislative change. While employment policy is institutionalized within nationally conceived and executed areas of decision-making, OMC does allow for innovation through cross tabulation of data and valuable input from agencies other than administering elites. Ardy and Begg suggest that the drawbacks to the EES/OMC mechanism of governance can be grouped within four headings: legitimacy, monitoring, enforcement and effectiveness.

Legitimacy: Ardy and Begg point out that, while the involvement of national governments would imply the subsequent legitimacy of the nation-state at some level this, they argue is 'little more than a veneer and the OMC does little to answer the fundamental criticisms of EU governance: elitism and opacity' (Ardy and Begg, 2002:196). While one of the main aims of OMC is to include a wider array of actors in the policy process, whether this input is ultimately effective is questionable. As they point out, the guidelines to OMC are primarily drawn up by largely unaccountable officials, which are then agreed upon by national government representatives behind closed doors. As they argue, politically sensitive issues such as employment policies are inevitably going to be a question of national mediation and decision-making in the last instance.
Policy monitoring and enforcement: Ardy and Begg argue that it is here that there is a discernible tension at the centre of OMC. Firstly they suggest that 'the more strictly targets are monitored the less discretion there is available to a member state in shaping programmes'. At the same time however, 'if there is no sanction (or, as was the case with EMU convergence criteria, a reward) for failing to adopt suitable measures, let alone meeting targets, the attempt to coordinate could prove to be empty' (Ardy and Begg, 2002:196). Consequently, they are sceptical as to the degree to which OMC leads to effective solutions and genuine policy innovation in the EES itself.

Effectiveness: Lastly, Ardy and Begg question the effectiveness of OMC in addressing the context within which the EEC is implemented. In particular, they argue that ultimately, the primary concern at EU level is with the integration of monetary policy. Subsequently, they see a danger that 'the EES may give the impression that an effective European response is emerging in relation to employment problems whilst in reality very little is changing' (Ardy and Begg, 2002:196). The significance of this last point has been highlighted by writers such as Beck (2000), and Bauman (2000), who point to the difficulties in managing capitalism in a current age characterised by what Beck calls 'jobless growth'. Beck points out that 'the more technologically advanced era capitalism we are now in actually reduces the number of well paid and secure full time jobs that are in circulation' (2000:43). As Rumford (2002:128) explains, this means that this particular regime of accumulation has promoted a situation where 'productivity does not necessarily result in the creation of extra employment or realistic job opportunities'. The OMC may seek innovative strategies in order to combat unemployment but the danger here is that these solutions become complicit in reproducing and lending legitimacy to a regime of accumulation which is itself the principal cause of structural unemployment.
Open Methods of Coordination and the European Employment Strategy: a threat to social protection?

Gray (2004) argues that policy initiatives such as the EES and their deployment through open methods, while attempting innovative solutions to the problems in developing an effective European social model, do little to directly address what she calls the increasing flexploitation of the European labour market that is taking place, serving primarily to reproduce and uphold the needs of capital in finding the most efficient means to achieve this. She argues that what we are seeing is the ongoing construction of a labour market that is lacking in social protection, union dialogue and is increasingly dictated by the imperatives of the market rather than seeing rising unemployment figures as a consequence of what Lash and Urry (1987) have described as a situation perpetuated by 'disorganised capitalism'. While OMC seeks to promote greater dialogue in the area of employment, in many ways the parameters have already been set a priori by this growing consensus where the virtues of flexible labour markets have been unanimously agreed upon as the way to create jobs and subsequently to address social exclusion and related social problems. She documents a situation where almost all European countries have seen a rise in the number of temporary working contracts, part-time work and generally less secure working conditions. Ultimately, she argues, OMS may simply be 'papering over the cracks'.

Developing this argument, Gray documents what she calls the 'globalization against social protection' hypothesis (Gray, 2004:35). What this means is that the European social model promoted by the EU and reproduced in the Lisbon Agenda, ultimately works against any semblance of social democracy at this level. Gray provides four insights into why this should be the case:
• **Higher unemployment**: globalization involves companies becoming more mobile, and more ready to move plants around or switch their suppliers to take advantage of lower costs abroad. Jobs then become more insecure and the individual risk or becoming unemployed rises (Euzeby and Chapon, 2002). Frequent restructuring of industry leads to generally higher unemployment rates. The state has to maintain the unemployed, but it is difficult to pass back this cost to employers by raising their social security contributions without reducing their willingness to invest in the country.

• **Declining job quality**: states will compete with each other to attract investment by having low labour costs; this affects the sustainability of high wage levels, of high employer contributions to social security funds, of minimum wage regulations, job security and pro-worker regulations about working hours.

• **Reduced capacity to maintain full employment**: the scale and unpredictability of international capital movements reduces the effectiveness of traditional Keynesian policy instruments. Keynes himself predicted that the internationalization of finance capital would undermine the capacity of national governments to maintain full employment (J. Gray, 1998:78). The Maastricht Treaty involves additional constraints on traditional Keynesian policies. This throws the responsibility for reducing unemployment more on unemployed people themselves. Workfare, other mandatory ‘welfare to work’ measures and stricter benefit conditions are used to push them to accept low-paid jobs offered by employers on the open market. Whereas Keynesian employment programmes tended to use public funds to create
jobs in hard times, those of the globalized era focus on the idea that private employers will hire more people if they can do so cheaply enough.

- **Reduced capacity to tax capital:** globalization heightens the risk of countries competing for investment by having low taxes on profits. Governments may raise higher taxes on wages or consumer expenditure to compensate, but voters' limited tolerance of this shift may mean difficulty in financing social expenditure at the same per capita rate as before (Gray, 2004:36).

In this scenario, commentators such as Gray argue that European level social policy initiatives such as the EES ultimately reflect the changing consensus that has occurred around the idea of social democracy where collective provision has become *individualised* by the imperatives of globalization and the structural risks characteristic of late capitalism are posited more upon the individual. Again this has been a situation documented by Beck who argues that 'while early capitalism was based upon the exploitation of labour, today's capitalism is based upon the exploitation of responsibility' (Beck, 2000:151).

**The European Structural Funds: economic and social cohesion through policy dialogue?**

There are serious risks of aggravated regional imbalance in the course of market liberalisation... (and) adequate accompanying measures are required to speed adjustment in structurally weak regions and countries... reforms and development of Community structural funds are needed for this purpose (Padoa-Schioppa, 1987:5-6)

The Lisbon Strategy revamped EES and its implementation through the OMC are not the first policies that have sought to provide innovation and greater substance to the European social model through the facilitation of greater dialogue and widened political participation. As Chapter One pointed out, it was feared at the time of the SEA in the mid-
1980s that greater market convergence would play a part in increasing existing economic and social disparities both within and between regions. As the last section argued, the development of a European Employment Strategy can be considered in terms of being a direct Community approach to the more visible problem of high unemployment that has been particularly characteristic of the last two decades of European integration. As Chapter One argued however, the problem of economic and social instability has also been considered in terms of regional and locational factors; issues that have been acknowledged as factors in either contributing or challenging ‘cohesion’ across the EU member states. These arguments resulted in a number of changes being made to the European structural funds, beginning in 1988 and at Maastricht, where the concept of ‘cohesion’ was first introduced and subscribed as a Community policy objective.

While the concept still occupies a fairly ambiguous status in regard to its practical application (Rumford, 2002), Dinan (2000) offers a useful definition of cohesion and also of the EU’s intentions in this area;

Cohesion – the reduction of economic and social disparities between richer and poorer regions – is now a fundamental objective of the EU. Not only is there now a realization that such disparities threaten the integrity of the single market and prospects for Economic and Monetary Union (EMU), but their existence is incompatible with the sense of community and solidarity that, ideally, should infuse the movement of European integration (Dinan, 2000:46).

Summarising, Nugent (2003:311) argues that, while there are ‘a number of EU policies grouped together within the generic framework of cohesion policy, they are all designed to provide a partial counterbalance to the ‘natural’ effects of the internal market by promoting a more balanced distribution of resources and economic development across the EU’. Nugent himself offers three reasons why cohesion policy has taken on increased significance since the mid-1980s:
• That coherent policies aimed towards more cohesion are now necessary for reasons of democracy and social justice;

• That the weaker parts of the EU economy can become stronger if they are given focused and more directed assistance;

• That the increasing relevance of cohesion policy reflects the hard political bargaining by the governments of those member states that are the main beneficiaries (Nugent, 2003, 311).

While, as the 1958 Treaty of Rome preamble illustrated, there have always been varying degrees of regional and national economic unevenness within Europe – and an awareness of these – these issues have taken on increasing significance, and in recent years have become more politicized within the framework of European integration; with a visible gap widening between rich and poor regions. This situation has also become more pronounced with the memberships of the more economically disadvantaged nations: Ireland, Greece, Spain, Portugal and the most recent 2004 enlargement into Eastern Europe. All these events have driven an increasing awareness of the need to facilitate, and to provide some kind of policy provision, both for the more disadvantaged members and for economically peripheral regions. Certainly, in the context of the reasons proposed by Nugent, these issues have taken on even more significance in regard to the future of European integration, not least in budgetary terms – 230 billion euros for the 2000 to 2006 financial period, which amounts to over 35% of total budgetary expenditure (Nugent, 2003:312) – where the policy instruments that represent cohesion policy are, in the near future, set to overtake the CAP as the major expenditure and largest budget provision in EU expenditure.
The Cohesion Fund

Two major Treaty revisions of the last fifteen years reflect the EU's growing role in promoting cohesion. The new chapter on economic and social cohesion in the Single European Act (1987) provided a basis for the overhaul of the structural funds in 1988. Maastricht took the commitment one step further, with the inclusion of economic and social cohesion as one of the Union's priorities alongside the Single Market and economic and monetary union. The new Article 2 of the Maastricht Treaty set out both the concept of convergence of economic performance, for the purposes of EMU, on the one hand, and economic and social cohesion on the other, while leaving the question of the interface between the two open (De Rynck & McAleavey, 2001:542).

The Cohesion Fund is one part of the Community's provision for providing more cohesion and stability to European integration and, as such, is illustrative of the EU's more recent aims to establish a greater degree of economic equilibrium between the 25 member states themselves. Dinan (2000) points out that the cohesion fund itself was initiated in 1994 where it has the aim of 'contributing to environmental and infrastructural projects in economically underdeveloped member states, which are those with a per capita GNP of less than 90% of the EU average'. According to Leach (2004:202) the Cohesion Fund itself 'targets infrastructure, with particular reference to the environment and to transport, energy and telecommunications'. The Cohesion Fund is designed to complement national strategies. In these terms, the principle aim of the Cohesion Fund was conceived, primarily, with the intention of enabling Greece, Ireland, Spain and Portugal to meet the convergence criteria required for economic and monetary union. Dinan suggests that, in many ways, the Cohesion Fund has played rather a large political role in providing monetary inducement to the four nations – Greece, Ireland, Portugal and Spain – who, in theory, have stood to gain least from completion of the internal market. Echoing the argument developed by Nugent, Dinan suggests that part of the agenda for the cohesion fund has been to provide a 'side payment' to Greece, Ireland, Spain and Portugal in return for their continued support for completion of the single market.
The Cohesion Fund has become particularly significant in the most recent enlargement of 2004, where it will be used to facilitate economic transition in enabling the relatively weaker economies of central and eastern Europe to meet the convergence criteria required for effective economic and political engagement in the single market.

**EU regional policy: multi-level governance and the changing dynamics of political and economic integration**

While the funding structures of cohesion policy cross-cut, and are intended to complement one other, the Cohesion Fund itself is intended primarily to address *national* infrastructural differences in economic and social integration. The main instruments of EU cohesion policy per se are primarily the structural funds which are designed more specifically than the Cohesion Fund to tackle *regional* disparities in social and economic development. The principles that of these two funding mechanisms are more or less the same, however, the aim of the structural funds is to locate and target funds within a more finely graded *spatial* level in order to address more specific locations within the EU that are disadvantaged in some way – whether infrastructural or geographical – in regard to being able to benefit from economic convergence and the possibilities provided by the single market.

As argued above, the Cohesion Fund constitutes part of the EU’s aims towards facilitating greater cohesion across the EU 25. The other policies that make up the structural funds – and the ones that are targeted more specifically towards regional development – are outlined by Leach (2004) as follows:

*The European Regional Development Fund (ERDF)* was created in 1975 and accounts for about half of the EU’s structural fund budget. The ERDF targets underdeveloped regions
and areas that have been hit by industrial decline. This fund is mainly used to fund infrastructure-based projects. Through the principle of ‘additionality’ the ERDF meets half of the cost of projects relevant to this part of the programme while the other half is met by national, regional or private funding streams.

The European Social Fund (ESF) is intended to address long term and youth unemployment through vocational training and retraining measures where it is also used to supplement national strategies. The ESF utilizes about a quarter of the structural funding budget and dovetails with the ERDF on many of the cohesion objectives.

The European Agricultural Guidance and Guarantee Fund (EAGGF) is confusingly split into two parts. The (larger) Guarantee section is a central feature of the CAP and is deployed on price support. The Guidance section counts as a structural fund and is designed to assist rural restructuring and non-farm development, as well as subsidising depressed areas and those with special problems, including mountainous and Arctic regions. Like the ESF, it overlaps with the ERDF, spending about half its allocation on similar programmes (Leach, 2004:202).

As Sutcliffe (2000:290) points out, ‘the importance of the structural funds has increased over the course of the EU’s history in alignment with the internal and external forces that have shaped the integration process’. The increased importance of the structural funds in providing equilibrium to economic convergence has been illustrated in three ways: firstly by the extent to which budgetary allocation has been increased since 1988 – second only behind the CAP as the highest EU expenditure; by the ways in which their implementation has been decentralized away from the top-down structure and the relatively exclusive remit
of national governments to enable more efficiency and greater democratic decision-making but, more importantly; the enhanced budgetary and political role now given to the structural funds points to a general recognition that economic integration must be supplemented by some kind of redistributive mechanism in order to offset some of the more uneven tendencies perpetuated by the single market and economic convergence.

In consideration of this last argument, Michie and Fitzgerald (1997:14) argue that it is quite reasonable to assume ‘that the development of the structural funds can be considered within the context of the expanding scope of European Community policy-making, constitution building and the changing dynamics of the relationship between the European institutions and the member states’. Certainly, some commentators have interpreted its increasing relevance and changing structural dynamics in recent years in terms of signalling the potential emergence of an embryonic, European level social policy agenda, alongside appropriate decision-making channels. They point, in particular, to the way in which the structural funds have undergone various reconfigurations from their original form, to occupying a much more central role than that originally envisaged by the founding fathers of European integration.

The historical role of the structural funds in EU policy

Until the late 1970s, the role of structural funding remained largely a legacy of the interests of national governments. The creation of the European Regional Development Fund (ERDF) was perhaps the first realistic attempt to address the uneven spatial distribution of resources within the Community. However as Michie and Fitzgerald (1997:17) contend, ‘the redistribution of these resources was largely regarded in terms of providing a compensatory mechanism for countries that were seen to contribute an above average
amount to the EC budget' as opposed to any direct distribution to the areas in which they were needed. They also point to the fact that the structural funds constituted a largely peripheral role in the EC budget at this stage and 'resources were allocated on a quota basis and implemented through regional development programmes, exclusively in support of the regional policies of member states, and to areas designated by member states' (Michie and Fitzgerald, 1997:17). Area beneficiaries had no real say in programme development and there was no real strategic overview or long term planning in place through which to deliver regional policy.

At the end of the 1970s, there was a more sustained attempt to raise the profile of the EU's structural funding programme, where the Commission instigated moves towards providing a more systematic analysis of regional problems than those that had been implemented by national governments. As argued above, this came with a general recognition of the fact that there was a spatial aspect to market failure that needed to be addressed in any large-scale economic development programme. This constituted the first moves by the Commission to break national government monopolies on regional funding where the Commission became instrumental in the creation of a 'non-quota' section of the ERDF, where 5% of the expenditure quota now became free and independent of government designated areas. Importantly, as Michie and Fitzgerald point out, 'how the funds were to be used was now to be decided by the Council of Ministers and now, for the first time, funding was allocated to common programmes/initiatives rather than individual applications for support by individual member states' (Michie and Fitzgerald, 1997:17).

Hence in the subsequent period, there was more revision and reform in 1984 and further emphasis made towards reforms that were designed to make recipient regions more
prominent actors in the policy process. However, it wasn’t until 1988 that the first major reforms were made to EU policy on structural funding. The significance of the 1988 reforms revolved around the idea that, particularly in the wake of the SEA, completion of the single market was itself perpetuating a widening gap between the richest and the poorest regions in Europe. Bailey and De Propris (2002:408) suggest that reforms that were made to the structural funds at this time constituted the first real signs that Europe’s leaders were aware that Europe’s economic agenda must be ‘counterbalanced by policies that were aimed more at the political objective of social and economic cohesion, whereby there should be practical encouragement in order to help the poorest regions of Europe catch up with the richest’. To these ends, the five-year package that was established in the 1988 reforms in effect doubled the budgetary envelope of the structural funds in real terms.

However, what many have seen as the most significant change in these regards was the introduction of the principle of ‘partnership’. As Bailey and De Propris point out, the partnership principal introduced to the 1988 structural fund reforms for the first time:

Entitled sub-national governments to participate in the making of regional policies. In this respect, the 1988 Structural Fund Reforms in theory represented the introduction of a ‘bottom-up’ approach to regional policy design, implementation and monitoring in that it represented a move towards involving different tiers of government and partnership between different actors both public and private (Bailey & De Propris, 2002:408).

The EU’s allocation of the structural funds is decided according to the parameters defined by set objectives. Previously, there were six of these, but as part of the Agenda 2000 reform programme, it was decided at the 1999 Berlin summit that there needed to be a greater concentration of the structural fund resources allocated to areas of greatest need. Accordingly, the EU reduced the number of objectives to three. These objectives are:

- **Objective 1.** To promote the development and structural adjustment of regions whose development is lagging behind. Regions covered by Objective 1 are those where per
capita GDP is less than 75 per cent of the EU average. A total of 69.7 per cent of the structural funds is allocated to Objective 1.

- **Objective 2.** To support the economic and social conversion of areas facing structural difficulties. Among areas covered are those undergoing socio-economic change in the industrial and service sectors, declining urban and rural areas, and depressed areas dependent on fisheries. A total of 11.5 per cent of the structural funds is allocated to this objective.

- **Objective 3.** To support the adaptation and modernisation of policies and systems of education, training and employment. This objective provides for formal assistance outside the areas covered by Objectives 1 and 2. A total of 12.3 per cent of the structural funds is allocated to this Objective (Nugent, 2003:312-313).

As the slicing of the budgetary allocation in the Structural Funds suggests, primary weighting is geared towards Objective 1, which is seen as the fulcrum of the three Objectives in the structural funds, where policy activity is aimed at:

Regions where development is lagging and where per GDP is less than than 70 per cent of the EU average. These regions also include areas with low population density (such as Northern Finland and Sweden) and remote areas such as French overseas departments. They contain over 22 per cent of the EU population, and received nearly 21 billion euros in funding in 2000, or two thirds of all spending under the structural funds. The biggest recipients are Spain, Portugal, Greece, Italy and Germany (for investment in the former East Germany), while Denmark and the Benelux countries receive no funding. Objective 1 projects are funded mainly out of the ERDF and the Cohesion Fund (McCormick, 2002:127).

**Partnership, regionalism and subsidiarity**

As Bailey and De Propris point out, perhaps the most significant aspect of the 1988 reform of the structural funds was the ‘de-hierarchization of the decision-making process, with different tiers of governance taking care of different aspects of policy-making given their complementary roles’ (Bailey and De Propris, 2002:414). The concepts of ‘partnership’
and 'subsidiarity' become the two guiding principles, as Bailey and De Propris point out, ‘soliciting the three tiers to work together, to coordinate their efforts in the design, programming, implementation and valuation of regional policy; in theory allowing regions to give voice to their local needs and promote bottom-up policy making’ (Bailey and De Propris, 2002:415). It was within the 1988 reforms that there was clear attempt to reconstruct the framework of governance in order to incorporate a more enhanced role for regions and local actors in structural fund policy. Commentators such as Tommel have viewed developments in structural fund policy as indicative of the advent of what she sees as 'a Europe of the Regions' where she argues that:

A Europe of the Regions seems to offer solutions to a wide variety of problems inherently linked to the actual model of integration: the ongoing centralization of powers and competences at European level; the democratic deficit of the EU system; the high degree of bureaucratization and the lack of transparency in decision and policy-making and, finally, the low responsiveness of the system to the interests and aspirations of its citizens. In this way, regional governments increasingly design and implement 'new' policies for fostering economic growth, restructuring and modernization of respective territories (Tommel, 1998:52).

Tommel qualifies these views by arguing that EU Regional policy is now an illustrative example of where power is no longer held from within the exclusive remit of national governments but now evolves as a 'policy network' where divergent players must pool and share resources and 'an ever growing range of non-governmental actors are being drawn into decision-making and policy implementation (Tommel, 1998:54). The Commission has been able to adopt a central role in this process and in influencing a more bottom-up approach to this particular policy domain. She reasons that 'classical authoritative or even coercive decisions and measures of the state are increasingly being replaced by indirect market-led or market-like steering instruments and 'soft' forms of decision-making' (Tommel, 1998:55).
Tommel reasons that the Commission have been able to tap into the changing consensus on the fundamentals of economic development and move into the space that has been vacated by previous top-down, redistributive policies to offer new concepts and more efficient ways of working. As she points out ‘these new concepts have been primarily aimed at stimulating the endogenous potential of the regions through fostering small and medium sized enterprises, stimulating technological and organisational innovations, enhancing the provision of (public and private) advanced business services and providing modern infrastructural equipment’ (Tommel, 1998:57). In other words, regional policy was now being designed to utilize the capacity of regions themselves where they would now play a much greater role in both formulating and implementing EU regional policy in conjunction with the Commission.

Objective 1, the largest of the structural funds, is for example now designed in policy through a ‘three stage method’ where national governments submit the regional plans demanded by the Commission which are then turned into Community Support Frameworks, specifying the objectives and priorities for funding along with the financial allocations for each measure. As Tommel points out, it is the Commission that retains the dominant position as it ultimately holds the strings on the conditions for funding. However, the shape and strategy of the programmes are reached through intense dialogue and negotiation with the ‘policy network’ through every stage of the process. Importantly, as Tommel points out, while regions are characteristic in their diversity, reforms to the structural funds – particularly the partnership stipulation through which the funds must be administered at the regional level – have been implicit in shaping local political and administrative cultures. Regions have had to organise according to funding prerequisites
from the Commission which has, in many cases, given them a higher profile and greater political clout in other areas of policy. As she points out:

In order to make these activities functional for their territories, regions are constrained to alter their performance fundamentally; they have to create suitable legislative frameworks regulating their new functions, for example, in the field of promoting economic growth and restructuring; they have to establish new civil services or extend and qualify the existing ones so that they can adequately perform the new tasks; they have to make sufficient budgetary provisions for co-financing EU programmes or else to acquire additional funds (for example at national level); third parties have to be mobilized for the implementation of single projects (for example communities, private enterprises, public-private partnerships and so on); and provisions have to be made to manage the implementation of projects and programmes adequately (Tommel, 1998:60).

The benefits of this way of working in regard to areas such as community regeneration – introduced as part of the new Priority 3 measure in the latest Objective 1 package – are obvious. Instead of top-down measures imposed on locales from bureaucrats who have little or no idea on the issues involved in regenerating economically and socially marginalized communities, the partnership approach to regional development actively seeks out ‘local knowledge’ and the individuals who know these areas and communities the best. This way of working is intended to encourage bottom-up solutions and hopefully more sustainable answers than may have been utilized in the past. In this way, funding becomes more effective and more efficient as the individuals and groups targeted will theoretically benefit in a much more direct way. As Tommel points out ‘the twofold strategy of the Commission is to stimulate innovative policy concepts, projects and programmes at local level and to influence public performance of local and regional authorities’ (Tommel, 1998:63).

**Are the structural funds facilitating cohesion?**

The 2005 4th Cohesion Report points out that ‘disparities in income and employment have narrowed over the last decade and especially since the mid-1990s’. It goes on to argue that in the cohesion countries themselves, GDP per head averaged out at 1% above the
European average and employment in all of them apart from Greece increased by more than the average. At regional level the report states that there has been a noticeable convergence within the same period of time. The report goes on to stress that:

- Since 1994 when the structural funds were strengthened, GDP per head in Objective 1 regions has converged towards the EU average. Between 1994 and 2001, growth of GDP per head in these regions taken together averaged almost 3% a year in real terms as against just over 2% a year in the rest of the EU.

- The extent of convergence, however, has varied markedly between regions, in large part reflecting their relative importance in the Member States in which they are situated. In those in the four Cohesion countries, which benefited from both substantial assistance and growth oriented policies at national level; growth of GDP per head was much higher than in the rest of the EU.

- The number of people in employment has also differed markedly in the Cohesion countries since the mid-1990s. The increase was particularly large in Ireland and was even larger in Spain, although the employment rate remains well below the EU average. The increase was more modest in Portugal and in Greece.

- Outside of the Cohesion countries, growth in Objective 1 regions has been less impressive, dragged down in part by slow national growth. In the German Länder, GDP per head increased by much the same as the EU average between 1994 and 2001, but in the Italian Mezzogiorno, it was below average. In both cases, however, productivity rose by more than in the rest of the EU, implying perhaps an
improvement in competitiveness, but little if any employment growth. Only 43% of working-age population in southern Italy were therefore in jobs in 2002, well below anywhere else in the Union, while unemployment remains higher in the new Lander.

- Some 92% of the people in the new Member States live in regions with GDP per head below 75% of the EU25 average and over two-thirds in regions where it is under half the average.

- A significant number of people in both the present and new Member States have income levels which put them at risk of poverty, in the sense of relative deprivation (defined as an income of 60% of the median in the country where they live). In 2000, around 55 million people, some 15% of the total population faced the risk of poverty, more than half of these having income levels this low for three years in a row. The proportion was relatively high in the countries of southern Europe and Ireland and is also higher than the EU15 average in many of the accession countries.

Summary

For much of the history of EU, substantive social policy has been conspicuous by its absence. As the last chapter argued, it was thought by the founding fathers of European integration that spillovers from economic convergence would be sufficient means in themselves to create the prosperity necessary to bolster Member States' own responsibilities in this area. Therefore, up until about the mid-1980s, European integration remained a relatively insulated affair, decided by elite decision-makers and primarily
framed by an economic agenda. The most recent phase of integration looked likely to extend this vision with the SEA primarily concerned with the completion of the internal market. However, as this chapter has argued, the need to contain both the 'context and process' of integration brought with it an awareness that economic convergence needed to be supplemented by social or 'positive' integration. High levels of unemployment and disparities in income and wealth between regions in particular, instigated a need to rethink the nature of the integration process and of the decision-making channels that would shape it. It has been argued in this chapter that the European social model as it has become known, has been characterised primarily by a greater commitment to more open dialogue and increased participation. The Lisbon Strategy is a current example of this agenda where the Commission has become the fulcrum through which Member States and social partners can engage in dialogue and compare best practice in employment strategies. While this may yet yield results in Europe's poor recent job creation record, it was argued by Gray (2004) that the EU's 'open methods' might ultimately be ineffectual, serving to reproduce rather than to challenge consensual ideas concerning the imperatives of globalisation and 'flexploitation'.

The last part of the chapter looked at history and current role of the EU's structural funds, exploring the idea that this was illustrative of what writers such as Hooghe and Marks (2001) have termed multi-level governance. It was argued that the idea of 'partnership working' – first introduced in the 1988 structural fund reforms – has been a particular innovation in these respects where the new rules regarding funding procedures have played a part in providing innovation to the decision-making and implementation of the funds.
The latest Cohesion report (2005) suggests a mix bag of results in regard to whether the reformed structural funds are bringing about cohesion by way of convergence of GDP per head. The next chapter considers this in more detail and looks more closely at the concept of 'cohesion' and how it is constructed in policy.
Chapter 3

The Search for Cohesion in the EU: regional integration, Disintegration, or both?

Introduction

In consideration of the most recent stage of European governance, the primacy of economic functionalism and associated elite decision-making structures, were opened up to challenge by the ‘context and process’ of European integration: a process outlined in Chapter One. In these regards, Chapter Two then went on to explore some of the ways in which the EU have tried to regulate European capitalism more efficiently and to promote a more social dimension through which to supplement and to address problems created, in part, by economic convergence. As suggested, this has become much more of a political issue in recent years where the management of internal ‘contradictions’ such as increasingly high levels of unemployment and social and regional disparities, is now seen as a vital factor in ensuring greater cohesion and more even economic development throughout the Community.

In this way, commentators such as Scharpf (1999:2) have argued that the greater visibility of these contradictions in more recent times, driven by the ‘dual and interrelated processes of European integration and globalization’, has instigated a greater awareness of the growing ‘problem solving deficit’ at the national level, and the need for a greater measure of coordination at the European level. In this way, some of the EU’s more recent initiatives have included aims to widen political participation in policy areas such as the European Employment Strategy (EES) and in the emerging multi-level governance
deployed structural funds. These developments would clearly seem to constitute a transition away from the Monnet era of insulated elite led decision-making procedures, where governance must now be geared towards both addressing and providing innovation, in areas where traditional problem solving capacities have been subject to structural change by both the integration process itself and by shifts and transitions in the global economy (Rosamond, 2003:119).

As pointed out in the last chapter, high levels of unemployment have been a particular concern for the EU, and the 1990s saw moves to implement more harmonized action initiatives and a greater degree of cooperation between the EU institutions, member state governments and regional and local involvement. Again, policy initiatives that have taken place have been geared towards providing innovation and greater political advocacy. The greater inclusion of regional and local representation in the European policy process has evolved alongside particular developments such as the promotion of open methods of co-ordination, and closer links between social partners and national and European governance in helping to shape and deliver EU policy. The Commission themselves have been instrumental in this process of ‘political modernization’, where the aim has been to facilitate greater social dialogue, and to provide a politicized conduit between economic and social interests. Led by the Commission, this more ‘progressive’ method of governance revolves around encouraging the widest possible coalition of forces in order to provide a more regulatory and dialogic framework through which to supplement market integration with a more social dimension.

The prioritisation of ‘social Europe’ as a European policy initiative since 1985 and the subsequent political reforms to the structural funds, have been particularly illustrative of
this stage of integration, and what has become known as the multi-level governance approach to European decision-making. This has become a theoretical and practical approach that is proving particularly useful in providing a more contemporary framework for understanding the greater complexities of economic and political convergence. As Cini (2003) has pointed out, multi-level governance theories do not rely solely on the idea either of a supranational European state or of an intergovernmental perspective on the development of the European polity, but have taken into account more recent moves from government to governance, where areas such as cohesion policy not only link in to wider issues such as the political profile afforded to the social dimension of European unification, but also parallel developments in greater democratic decision-making.

As argued in the last chapter, developments in European governance are suggestive that areas such as the structural funds are becoming policy initiatives where the EU have acknowledged that the input of a more ‘grassroots’ level of political input, may help to address, not only the decision-making disparity that has characterised much of the historical development of the EU, but may also provide a more efficient way in which to ‘aid indigenous economic development through the active involvement of actors with intimate knowledge of the particular local problems and regional contradictions which must be addressed in regard to the principles of contemporary economic development and, particularly, social integration’ (Hooghe, 1996:5). Thus Hooghe argues that one of the most significant aspects of the way in which multi-level governance has developed in this area is the fact that it is becoming influential in an area where the EU are trying to more effectively link together economic and social concerns, where there is an awareness that one of the principal ways in which this is to be achieved is to be through a commitment to wider dialogue and discussion.
With these points in mind, Chapter Three takes a more critical look at some of the central issues that underpin the new governance approach to European integration, in order to provide a more accurate assessment of the EU’s initiatives in this area and what they might mean in practice. Further exploring the themes developed in the earlier chapters, this chapter will try to tease out the extent to which this apparent ‘opening out’ of the European polity is now able to influence policy ‘on the ground’ in relation to the traditional dominance of the key decision-making institutions at national and European level. While the advent of multi-level governance in the key areas of policy identified by the Commission is claimed as being innovative in addressing some of the social contradictions first exposed during the Monnet informed era of institutionalised functionalism, this chapter returns to some of the counterarguments signposted in the last two chapters suggesting that the continuing dominance of market structures in this scenario can serve to exclude as well as to moderate and empower.

The first part of this chapter begins by looking at the kind of discourses that inform, and provide the overarching framework, for the EU’s policies on cohesion. Rumford (2000) begins this debate by arguing that, in aligning the aims of cohesion policy within terms such as competitiveness, growth and generally market led solutions, the idea of ‘cohesion’ that is promoted by EU policy is framed in a way that makes it difficult to reconcile the aims of the European social model anticipated firstly by Delors and also by those who consider the extent to which the influence of the new multi-level governance structure is able to influence the debate on social Europe. While there may well be a greater inclusion of policy actors into areas such as the structural funds, Rumford argues that the EU and national governments have in many ways already set the agenda, so it is simplistic to
suggest that this has radically changed the overall blueprint on the direction of European integration and the content of the ideas that inform this debate.

The second part of the chapter looks at what writers such as Lovering (1999), view as the 'conceptual' problems inherent in theories of the New Regionalism. The New Regionalism has become arguably, the dominant discourse through which the debate on economic development, and through extension what debates on ideas such as social cohesion, social capital and capacity building, have come to mean in terms of both EU rhetoric and policy direction. In particular, the chapter considers the arguments proposed by Lovering and those who challenge the framework of debate as promoted by the EU. The assertion by Lovering in particular, suggests that much of the academic work which underpins the idea of regional innovation and sub-national empowerment in policy initiatives such as those that underpin EU regional development strategies are often based on theoretical and conceptual 'abstractions' that a) tend to misread the extent to which regions, and their decision-making capacities, have replaced nation-states as autonomous economic and political actors influencing EU policy and b) are often neglectful in the extent to which they are able to acknowledge the fact that there is a hierarchical structure, and a limitation on the extent to which many regions that are able to mobilize effectively in this political and economic structure. The subsequent outcome of this scenario, he argues, is that EU driven initiatives, such as the structural funds, may be ultimately out of synch with 'real world' cohesion issues, and are in danger of underestimating many of the social contradictions that they are intended to address. For instance, he argues that even a reformed cohesion policy, as it stands, is inadequate in coping with the legacies of the European wide refraction of the Keynesian welfare state and the widespread withdrawal of associated measures of fiscal support.
This is an argument developed further by Jeffery (2000), who argues that the extent of the influence of multi-level governance must be considered to take place in relation to a number of ‘context variables’ that structure and determine the extent to which regional and local influence is discernible in areas such as cohesion policy. In this way, Jeffery points to the uneven distribution of power that exists in the so-called ‘third tier’ structure that characterises the New Regionalist agenda in Europe. Jeffery asserts that it is predominantly those regions that are in a position to access the EU ‘network’, and are the best resourced and the most organised as political systems, that are most able to benefit from the opportunities that present themselves; both in the single market and from so called ‘equalizing policies’ that constitute the framework for cohesion. Again, Jeffery argues that it is principally competition and not cohesion that is the ultimate result of the EU’s initiatives in this area and this ultimately reflects the uneven distribution of power that exists in a ‘Europe of the Regions’.

Developing a critique on the ideas that inform the New Regionalism as a coherent assessment of contemporary economic development, Rumford then draws these arguments together to suggest that it is the term ‘cohesion’ itself that is problematic. In particular, he argues that the fact that cohesion policy is itself couched within terms driven by globalization – a particular variant of regional development aligned to the imperatives of the single market – which tends to pre-empt it from wider debates on what cohesion could mean in regard to social integration. Instead of cohesion, Rumford argues that this process could well be leading towards a divisive process characterised by autonomization and ultimately fragmentation.
Echoing the argument of Jeffery, the process of autonomization that is played out, he suggests, presents a range of opportunities for regions to compete against each other in the single market. Ultimately, he argues that the way in which cohesion policy is principally geared towards consolidating and facilitating economic integration and market liberalization, it is the most resourced and best networked regions who are invariably the ones most able to benefit. This scenario, he suggests, cannot necessarily be reconciled with a realistic social integration agenda and, in fact, poses the danger of exacerbating the regional inequalities that exist at present.

Framed within these concerns, the final part of the chapter explores research on what De Rynck and McAleavey (2001:541) have described as 'the cohesion deficit in structural fund policy'. While, as argued above, those who see the 1988 reforms to the structural funds and the growing influence of multi-level governance, as providing democratic innovation to a key area of political decision-making, De Rynck and McAleavey, explore this ‘third tier’ of decision-making more closely in order to raise some broader questions about the kind of sub-regional representation that actually constitutes this multi-level involvement. What does it actually mean in practice and who can be seen as the key players at this level?

Batterbury (2002) provides two case studies of regions that have been beneficiaries of EU structural funds. From the findings of this research, she argues that, developments in regional policy that have been made, may not necessarily lead to regional and local empowerment per se: certainly in the way envisaged by the EU. Its ‘top-down’ standardization, and the fact that it is still structured by inter-governmental bargaining, still fails to take account of the fact that, ‘particular local and institutional conditions will have
a direct impact on policy implementation and will subsequently play a key role in structuring the performance of the institutions and programmes involved’ (2002:869). She explores, for instance, the role of ‘clientalism’ in these areas, and the way that this informal political process serves to ‘individualize’ funding procedures. One of the consequences of this she points out is that much civic engagement and grassroots local knowledge becomes marginalised along with real social cohesion issues in aid targeted regions.

The ‘Narrative’ of cohesion

As the last chapter pointed out, the ‘success’ of cohesion policy, and the effectiveness of cohesion instruments such as the structural funds, has been at best inconclusive, at worst ineffectual. While, as argued above, one of the main problems seems to be that the EU offer no coherent benchmark through which cohesion can be measured, there is much evidence to suggest that regional disparities have widened over the last two decades, despite the political reforms and greater budgetary allocations that have been introduced. Importantly, Rumford suggests that both the EU, and much of the academic research in this area falls down in ‘failing to adequately confront the full implications of the fact that EU policies do not necessarily lead to greater social cohesion and, in many cases, actually work counter to the stated aims of the policies themselves’ (Rumford, 2002:173).

Rumford argues that this particular ‘narrative of cohesion’ has taken on a deeply rooted, influential and widely held position which states that the EU’s policies on cohesion, and the ways through which they are decided and implemented, are a) the most appropriate policies through which to perform this task and b) that cohesion, and a more socially oriented type of integration will ultimately result from the EU’s particular initiatives in this area. In summary, he argues that this particular ‘narrative of cohesion’:
Demarcates the object of study and constructs cohesion as an object of inquiry. It frames the type of questions that can be asked and determines the form the answers will take. Importantly, the narrative of cohesion promoted by the EU works as a type of intellectual closure, restricting the field of study and pre-empting findings (Rumford, 2002:155).

Rumford (2002) suggests that in order to engage more critically with the concept of cohesion, and the issues that surround it, it is useful to begin by examining the kind of language and the 'narratives' that the EU use to define cohesion and, more importantly, the ways in which this discourse has been translated into policy. This has taken on increasing importance, he argues, due to the fact that, while much of the language and rhetoric used to promote cohesion is invariably couched within the framework of a redistributive, or social market meaning, the model of cohesion promoted in reality is principally defined in alignment to the imperatives of the single market and a neo-liberal policy agenda.

In other words he points out that cohesion is to be achieved via a very specific policy agenda where the reduction of disparities is reduced through, in the Commission's own words, 'a convergence of basic incomes, through higher GDP growth, of competitiveness and through the judicious use of employment strategies' (CEC, 1996:13). In this way, as Rumford argues, 'cohesion will be brought about via the mechanism of the market not to compensate for it. At root, cohesion policy is a series of instruments contributing to the creation of a harmonized European economic space and enhancing the competitiveness of the EU' (Rumford, 2002:179). He postulates that in defining cohesion in this way, and in stressing its compatibility within parameters based upon growth and competitiveness, the central problem of this agenda becomes how to reconcile this objective with the EU's stated aims of promoting a European social model – a la Delors – with its associated values of solidarity, community and equality (Dinan, 2000), as a counterweight to the single market. This is a dilemma writers such as Rumford see as being irreconcilable in the last instance.
An economic construction of social problems?

So, in regard to the above points, in order to provide a more critical evaluation of cohesion, and the various policies through which it is constituted, Rumford postulates that it is necessary to look more closely at the ways in which the EU have seemingly constructed economic and social problems within the confines of a particular EU discourse, alongside their appropriate solutions. In doing this, Rumford reflects on the work of Dean (1999:72) who has pointed out that, more often than not, 'there is a difference between the explicit rationalities of government and government rhetoric…and the more or less explicit logic of the practical application of these practices'.

In other words, according to this argument, while EU rhetoric on cohesion may promote a specific agenda concerning ideas of equity and social justice, in reality, the execution of these ideas in policy may well be promoting somewhat different outcomes. Developing this idea further, Rumford explains the rationale behind the particular approach that he has utilized in 'deconstructing' cohesion as a set of policy aims and objectives:

An appropriate starting point for a more critical discussion of EU cohesion policy is the acknowledgement that the very idea of cohesion is framed [by the EU] within a discourse of redistribution. Indeed, the word cohesion itself invokes a strong association with ideas of welfarism and social solidarity. A central contention must be that, when approached from a more sociological perspective, the problem of cohesion manifests some rather different characteristics. The most important of these is that cohesion is revealed, ultimately, as an instrument of competitiveness and growth, rather than simply an agent of social solidarity and redistribution (Rumford, 2002:154-155).

The implications of this argument suggest that, while theories of multi-level governance, political reforms around the idea of cohesion and the European social model, and EU policy statements such as the White Paper on Governance, suggest that top-down, technocratic decision-making has come to an end and has, furthermore, initiated an inclusive, open debate on the future direction of European integration, a market agenda of growth and competitiveness – reinforced by the structuring imperatives of economic
globalization – ultimately remains the overarching framework for European unification. In this scenario, decision-making, whether more horizontal as opposed to being vertically aligned, remains driven by market rules in the last instance where economic concerns continue to assume the role of both the diagnosis and the prognosis for European integration. Within this scenario, the ambiguity surrounding the EU’s conception of cohesion is given an alternative definition by critics such as Rumford: a set of policy instruments which are first and foremost designed to increase the effectiveness and efficiency of the market.

This argument suggests that the EU sees cohesion, as a policy goal, to be the end result of the principal objective of facilitating economic growth and not as an end in itself, certainly in regard to the prioritisation of social integration in any meaningful sense. In this way, Rumford asks, if the ultimate goal of the European social model is, first and foremost, to improve the European economy, then is this really so different from Monnet’s original blueprint, where faith in market spillover was proven to be ultimately flawed as the perennial way through which to promote European integration? Are the EU’s stated aims of greater political inclusion and a less top-down approach to European governance merely constituting a more diverse approach to the same problems and perhaps sidestepping the real issues that need to be addressed when considering the concept of fostering a more cohesive and socially integrated Europe?

A process of integration or disintegration?

Drawing this argument together, Rumford argues that the ‘logic’ of cohesion promoted and utilized in policy by the EU, ultimately poses a dialectical struggle between integrating and disintegrating forces. That is, EU cohesion policy posits a contradictory relationship
between the economic concerns of integrating the single market and the disintegrating consequences of market failure. In promoting cohesion within these terms, and within a set of conditions defined by growth, competitiveness and predominantly market oriented solutions, Rumford asserts that it is debatable whether the alleged transition from government to governance has managed to solve what has always been a 'contradictory' relationship between the requirements of economic integration and its social consequences. It could be argued he suggests that, in continuing to prioritise economic integration, a particular variant of neo-liberalism has now become even more embedded as the way through which to promote European unification.

De Rynck and McAleavey (2001:542) suggest that the ambiguity contained within the concept of 'economic and social cohesion’, and how to reconcile the two, has remained an 'unsolved dilemma that has been reflected downstream in policy formation’.

**The New Regionalism: reshaping political economic space?**

The shift to knowledge intensive capitalism goes beyond the particular business and management strategies of individual firms...involving the development of new inputs and a broader infrastructure at the regional level...The nature of this economic transformation makes regions key economic units in the global economy. In essence, globalism and regionalism are part of the same process of economic transformation (Florida, 1995:531).

As argued above, the discourse on cohesion, and the strategies identified by Rumford through which the EU hope to achieve it, have not occurred within a vacuum. The 'New Regionalism' is a concept that Lovering (1999) describes as the new economic orthodoxy through which policy is framed by EU governance, and is also being sanctioned in particular ways by national governments.
As Chapter One argued, the breakdown in elite decision-making, and the limitations of the Monnet method through which to promote European integration, came about, in part, as a consequence of the failure of economic spillover to deliver an equal distribution of the benefits of the single market throughout the EU, coupled with a concern that an acceleration of the single market would exacerbate these widening disparities. While subsequent enlargements from the original six – and the accession of poorer nations such as Ireland, Spain, Portugal and Greece – became instrumental in highlighting the problem of uneven economic development in the EU, it was also apparent that the uneven distribution of resources and economic opportunities was occurring predominantly at a regional as opposed to a national level. This phenomenon has been illustrated by the fact that, while national disparities have seemingly closed in more recent times, disparities at a regional level have continued to widen (Getimis, 2003).

In order to account for this, from the first real overhaul of the structural funds in 1975, it was decided that there must be a more stringent targeting and higher budgeting of regional policies – and from 1988 a wider dialogue on how this could be achieved – in order to accommodate accumulating evidence suggesting that changes that were taking place in the global economy and the way they were influencing events, may well be more efficiently accommodated below the level of the nation-state and the perceived ‘inefficiencies’ of national administrations in dealing with these developments. As Bache and Jones (2000:1) conclude: ‘the partnership principle introduced in the 1988 reforms was an attempt to make regional policy more effective by more formally involving the local and regional (sub-central) actors most familiar with the problems and priorities of targeted regions away from the previous national administration’.
As MacLeod (2001:807) points out; ‘the New Regionalism has rapidly gained currency, within political and academic circles, as a shorthand to describe the work of various scholars who have highlighted the significance of the region as a more effective arena for situating the institutions of post-Fordist economic governance’. Various, as McLeod argues, literature and research on the New Regionalism has included: an assessment of regions as providing ‘indispensable motors in the global economic order’ (Scott: 1996, 1998); the region as a ‘nexus of untraded interdependencies’ (Storper, 1997); Cooke and Morgan’s (1998) idea of the region as constituent of ‘a networked associational economy’; Florida’s (1995) research into ‘innovation-mediated foreign direct investment, technology transfer and a concomitant rise of learning regions’ (Florida, 1995. Cited in McLeod, 2002:807); and Amin and Thrift’s (1994) assessment of the ‘institutional thickness’ of cities and regions as gaining increasing influence in the new global economy.

MacLeod suggests that literature on the New Regionalism draws from a variety of theoretical perspectives, reflecting the trans-disciplinary nature of trying to assess a much more multifaceted picture than ‘classical’ theories of economic development and, indeed a more complex issue than that forecast by the original architects of European integration. Various schools of economic thought have contributed to this debate and institutional economics, economic sociology and evolutionary political economy are all represented in this debate. Each has sought to achieve consensus on what appear to be the salient dynamics that merit the study of the New Regionalism as a theoretical and practicable discourse. As MacLeod suggests, despite different research agendas, they all appear to be united on at least one front, where he points out that:

The enduring dynamism of certain high-profile regional agglomerations cannot now be explained by traditional Ricardian notions of comparative advantage and certainly not in terms of raw natural endowments. Neither can it be fully accounted for by the dirgiste policies and ‘spatial Keynesianism’ that characterised much of post-war welfare capitalism. Rather, the qualitatively informed approaches that characterise research into
the New Regionalism take seriously the Polyanian (1957) axiom of ‘the economy as an instituted process’ to contend that a major source of a region’s competitive advantage is embedded in the operation of its local civil society, often manifesting as ‘social capital’ (Putnam, 1993). This relates to a series of historically cultivated socio-institutional infrastructures like networks, norms, conventions, trust based (often face-to-face) interactions and horizontal networks of reciprocity, which are seen to enhance the benefits of investments in physical and human capital” (MacLeod, 2001:807-808).

Hence, the invocation of a ‘Europe of the Regions’ by the EU, and the political mobilization of a system whereby multi-level governance and an interdependent structure of policy networks plays a greater role in shaping European integration into the 21st Century draws, quite clearly from a set of hypotheses and policy initiatives drawn from the matrix suppositions that characterise the New Regionalist debate. A ‘Europe of the Regions’ has been seen as illustrative of the new governance approach to European integration in action where, as Getimis (2003) points out, the structural fund reforms post-1988 have been one of the major factors in encouraging the resurgence of regionalism that has occurred in various guises since the late 1960s. As Getimis argues, European regional policy, and the ‘evolving system of joint programming, implementation, funding, monitoring and evaluation that has typified these reforms, has been something of a focal point in empowering regional authorities, sub-national actors and social partners in network creation and institution building’ (2003:78). Since the reforms, he points out that many regions have been able to exert more influence at both national and European levels. Getimis continues in arguing that the reforms have actually encouraged the development of more ‘bottom-up’ political processes in traditionally strong central administrations where, as he argues, their impact on countries such as Spain, Greece, Portugal and Ireland, has set in motion processes of learning, networking and regional innovation. This has been particularly well demonstrated in Ireland, argues Getimis where the implementation of structural funding since the 1988 reforms has played its part in providing a political and
economic infrastructure that has helped to raise GDP by over 20% over the last two decades.

Drawing on these arguments, other commentators, such as Scott (1998:11), have suggested that the New Regionalism has 'now become the basic framework for new kinds of social community and the political template for new approaches to practical issues of citizenship and democracy'. These themes echo the work of writers such as Putnam (1993, 2000) on the best way to facilitate levels of social capital and the importance of civic engagement to successful economic development. Likewise, Paul Hirst (1997) on the benefits of 'associative democracy', and research by Harvie (1994), Keating (1997) and Le Gales and Lequesne (1998) on political mobilization and territorial government make many of the same points.

**European integration, governance, space and territory**

Within the changing economic context of European integration, and related issues such as the changing role of the nation-state, Barry (1993:317) argues that one of the most important issues to consider in this scenario is the transformation that has occurred in the relationship between government, territory and space and 'how territory is to be articulated into the activity of government'. Changes initiated by late capitalism and the structuring logic of post-fordism, have instigated a rethink on how these changes can be best accommodated both economically and politically and, in regard to European integration as Barry asserts; 'influencing how the administration and government of Europe is to provide a realistic framework within which Europe's social and economic difficulties might best be acted upon' (Barry, 1993:314). The role of the region, as the new level through which political and economic space is now becoming articulated, 'has become the site upon
which the global acts upon the EU and is consequently the level at which the EU has determined that the processes of globalization, and the contradictions of economic integration, can be best accommodated and politically managed' (Rumford, 2002:156). Thus, as Rumford argues, the promotion of the region as the new political and economic sphere of activity, is given life, and articulated, within a specific policy agenda that regional political initiatives such as the cohesion instruments promote in policy.

In this way, writers such as Lovering (1999, 2001) are more critical of some of the propositions made by advocates of the New Regionalism and subsequent policy recommendations that have been based upon it. In opposition to those who expound upon the political and economic imperatives of the New Regionalism as playing an instrumental and integral part in promoting multi-level governance and associative democracy, European cohesion, and a more efficient way of promoting social equilibrium, Rumford argues that it is, ostensibly, a processes of 'autonomization', where the concerns of economic efficiency, are being fostered first and foremost. Explaining the rationale behind this process, Lovering (2001) suggests that many of the key concepts employed by advocates of the New Regionalism need more research if they are to constitute a realistic economic and social development programme. As he points out:

The dominant perspective on contemporary economic development—widely known as the 'New Regionalism'—starts from a historical assertion that changes in the market system have created new challenges for regional development. With the collapse of the interventionist Keynesian state and mass production ('Fordism'), and the rise of globalization, the keys to regional development have become 'knowledge-intensive' where innovation and flexibility have become the key concepts of debate. Firms increasingly need to draw on the active participation of their employees, to share risks with their suppliers, and to build long-term relationships with providers of public goods such as training and education. Competitiveness requires 'associationalism', and as 'successful regions' show, networking at the regional scale is the best way to realise it (Lovering, 2001:2).
In agreement with Lovering, MacLeod (2001) argues that the New Regionalism contains a number of flawed concepts that problematize the notion of the region as the new locus for economic and political debate. Firstly, he argues that much of the literature on the New Regionalism is based upon models that can be regarded as 'exceptions to the rule' in regard to the dynamics of economic development at the regional level. He points out that many of the regions cited as examples of regional innovation cannot simply be generalised to all regions in order to provide the way forward for economic and social development per se.

In order to illustrate his argument, MacLeod points out that 'celebrated prototypical intelligent spaces such as Silicon Valley in the United States and Emilia-Romagna in Italy, or industrial districts such as Baden-Württemberg in Germany and Rhone-Alps in France' must be regarded as exceptional cases in regard to examples of successful regional development (MacLeod, 2001:808). As Lovering argues, there becomes a danger of 'the policy tail wagging the dog' (1999:379) where the analysis of regionalist economic policy becomes over-reliant upon the selective experiences of ideal-typical hotspots that are applied in a generalised policy agenda which states that 'one size fits all'. While the New Regionalist economic analysis tells an attractive and persuasive story, he argues, 'it is largely a fiction as it fails to adequately explain the complexities of contemporary regional economic development and, subsequently, it is a poor general guide to the realities of regional policy formation as they are presently conceived' (Lovering, 1999:380).

The ambiguity regarding 'what is a region?' illustrates this argument according to Lovering. He points out that a solid constitutional base, such as in the German Lander, and the Belgian federal structure, typify some regions. Some are semi-devolved in
comparison such as in the UK and in France where the national agenda retains central bureaucratic control. Some of these territories have themselves developed in part as a response to the structural fund reforms such as those in Ireland and Portugal. Of particular importance, he points out that regions in their various guises have developed from unique socio-economic and historical circumstances, and he points to industrial decline, for example, in Wales, Yorkshire, and Merseyside where the application of New Regionalist theory starts to become limited in its explanatory capacity and subsequent policy value as a policy blueprint.

Lovering suggests that this agenda can actually set regions in competition with one another, where the best resourced regions, and the ones that are best placed on the 'EU network', are the ones who are able to compete and to flourish. In such a scenario, he argues that this may well be to the detriment of those who are the least well organised, within the terms set by a group of policies that are designed according to a specific regional structure.

**Governance through autonomization?**

One of the first problems identified by Lovering, in what he sees as a 'reification' of the New Regionalism as the new paradigm for social and economic progress, is the idea that 'the resurgence of the region is a historically novel economic development that has derived from a profound transformation in the technological and organisational dimensions of production' (Lovering, 1999:383). In accord with the flexibility that is required of post-Fordist accumulation strategies and a more globalized economy, the prominence of the region, as opposed to the nation-state/Fordist mass-production relationship, is seen as requiring greater flexibility and a more decentralised decision-making space, where capital
risk and economic planning is now best accommodated, and more greatly dispersed, below the level of the nation-state.

As argued earlier, Rumford argues that the process that is actually being played out at the regional level is one of ‘autonomization’. According to Rumford, ‘autonomization is now the corollary of integration for an EU which is now inextricably shaped and moulded by the twin dynamics of globalization and neo-liberal growth’ (Rumford, 2002:169). In this way Rumford points out that it is this process and not necessarily cohesion that has been the evolving situation in the EU. He suggests that an exploration of the inherent tension between these two narratives constitutes the underlying situation of what ‘cohesion’ has come to mean in relation to European integration, along with what the future implications may be for its practical application in policy.

Viewing the regional implications of European integration through the process of ‘autonomization’, according to Barry (1993:315) points to ‘a Community governed not through the formation of a European state, or even the principle actions of national governments, but through the political promotion of the autonomous economic actions of its salient components: namely, its citizens, industrial enterprises and the regions themselves’. What Barry is arguing in effect, is that while the economic agenda pursued by the original architects of integration and their collaboration with national political elites, eventually came under challenge from the inadequacies of economic functionalism as providing all the answers to social integration, the principal political response has been, not to challenge the hegemony of the emerging global market and its implications, but to augment more receptive political and economic conditions through which to facilitate this process. In this way, as Barry argues, autonomization has become the ‘reflexive’ process
through which new forms of social and political organisation have been promoted in response to the interrelated conditions of European integration, globalization and neo-liberalism. As Downs (2002) explains:

The melding of markets, peoples, and institutions into the global economy has been met in many countries by parallel processes of disintegration: constitutional decentralization, destabilization of relations between national and sub-national governments, and division of citizen loyalties by claimants at local, regional, national and supranational levels. Uncertainty generated by these countervailing forces prompts powerful and contentious arguments about the normative and empirical roles of sub-national actors in increasingly complex webs of multi-level governance (Downs, 2002:171).

Read in this way, the central tenets of Barry’s ideas concerning cohesion also challenge the ideas of Delors, and what he argued should be the substantive elements of the European social model which was touted in the mid-eighties, the principles of which, to a certain extent, remain influential on the work of multi-level government theorists and advocates of the new European governance. However, as Barry points out, for Delors, the European social model was never going to revolve around the construction of a European level welfare state *per se*, and all the ideological and practical implications that this would entail.

While the increasing importance of cohesion and social integration has seen the EU move into areas of social policy, an awareness of the primacy of national sovereignty in these issues has meant that this has always been within a *regulatory* capacity. Instead, as Barry argues, the internal contradictions of economic integration, alongside the new imperatives of the acceleration of the single market process of the 1980’s, were to be addressed by what he calls the ‘animator state’ (Delors and Clisthene, 1992:61). According to Barry, the animator-state would involve facilitating and ‘creating the conditions, the social areas and the social spaces, whereby agents, locales and regions would have to adopt more European economic and social policy strategies’ (Barry, 1993:316).
It is argued here that the main consequences of this agenda are that, rather than promoting cohesion and harmonious development, the outcomes of cohesion policy, and the policy instruments that constitute it, invariably lead to an increasingly competitive situation between regions, where the ones most likely to succeed, are the ones best able to facilitate their own economic development, and are the ones that are able to mobilise in such a way as to solve their own particular social contradictions. According to Rumford, rather than providing a realistic social counterweight to economic integration, cohesion policy serves principally to underpin and reproduce the imperatives of the single market. In this scenario, 'it is the regions that are most able to seize the opportunities presented by this process of autonomization' (Rumford, 2002:157).

Thus, according to the narrative of autonomization proposed by these writers, in reality, cohesion policy offers a range of opportunities for development rather than a de facto mechanism for redistributing the losses and gains of the single market. Rumford argues that autonomization is a process of facilitating regionalism, and notions of the region, that are unique to the EU and the facilitation of a particular variant of European integration. He suggests, in effect, that it is:

Not the regionalism of secessionist! or cultural autonomy (for example, Basque or Sardinian regionalism, even though these variants are potent in contemporary Europe), but a regionalism in which the region is a leading economic actor within the framework of neo-liberal opportunities and economic governance present within the EU (Rumford, 2002:176).

According to Lovering, the New Regionalism is becoming 'the new orthodoxy', where debate on the EU and regional integration is in danger of becoming subsumed under an often-inappropriate political and economic rationale. He argues that regional mobilization within the EU is fundamentally about providing a more effective conduit through which to provide a more efficient network for the co-ordination of transnational capital. As such,
he claims that the core concerns of the new regionalism, and it’s framing within a narrative of European governance, have become inextricably tied into the concerns of globalization, business interests and competitiveness not regional development and indigenous cultural politics in any idealistic sense.

Accordingly, Levering locates contemporary discussion on the political prominence of concepts such as civil society, civic engagement and rhetoric concerning the ‘social embedding’ of economic activity, in the perceived need to ‘engender the type of formal and informal interactions conducive to the kind of economic interactions required to bring about the flexible economies of scope required for survival in globalizing markets’ (Levering, 1999:383). Considering the implications of this argument for cohesion, and for indigenous regional input into this scenario, Ash and Tomaney (1995:11) argue that, ‘Ultimately, the aim of cohesion itself will be undermined by the inherent bias of the EU’s measures for promoting growth and productivity towards the economic interests of the more advanced regions and the major corporations in Europe where the prevailing neo-liberal growth philosophy ultimately rejects the necessity of a link between economic efficiency and social equity.’

While, as Rumford points out, multi-level governance theories have begun to place issues of cohesion and regional autonomy firmly at the centre of thinking about the EU, and have helped to shape anticipation that political developments in this area may lead to a wider framework for debate on the future shape and dynamics of European integration, a closer exploration of policy initiatives such as cohesion have also served to emphasise that:

EU economic priorities have, on the whole, served the interests of the already rich regions, rather than underdeveloped or relatively backward regions. The narrative of autonomization contains within it a critique of the idea that the nation-state is becoming less important, vis-à-vis the region. The region is at the heart of neo-liberal economic strategies but is a situation where the regions most in need of assistance struggle to attract
the necessary investment or financial support, while the already affluent regions find it much more straightforward. The narrative of cohesion assumes that growth will solve regional problems, reduce economic disparities and lead to greater cohesion. The narrative of autonomization stresses that regional problems are consistent with, and created by, a model of growth that is predicated upon decline and stagnation elsewhere. Such a model of growth is ultimately incompatible with the project of cohesion (Rumford, 2000:72).

While acknowledging that the New Regionalist debate has contributed to a greater understanding of the processes that are taking place in contemporary Europe, writers such as Rumford and Lovering take issue with the normative application of this theory as a realist model of European integration, particularly with respect to the EU’s stated goal of cohesion. Firstly Rumford suggests that, in viewing the New Regionalist agenda as a framework of analysis through the deconstructive lens of ‘autonomization’, and all the implications that this entails, it becomes apparent that the ‘sub-national mobilization of regions does not necessarily contribute to EU policy in any significant way, let alone any goals concerning social integration’ (Rumford, 2002:161). Secondly, he suggests that the multi-level governance approach to theorising European integration implicitly assumes that the policies that constitute cohesion are redistributive and, subsequently may be seen as indicative of – or at least pose the possibilities of – the emergence of a European social model that is more substantive than the one that is emerging.

What this argument suggests is that, while the economic blueprint for European integration remains relatively unchanged from its original conception, theories of multi-level governance, and the democratic influence of wider political processes may also be somewhat overstating their case in suggesting that the overall modus operandi has altered, or reconfigured, the political architecture of the EU in any significant way.

The first point outlined by Rumford, has been an area of research explored by writers such as Jeffery (2000:3) who argues that ‘it cannot simply be assumed that local and regional
interest mobilization and wider political influence at the European level are synonymous with each other'. While writers such as Hooghe and Marks acknowledge that national governments remain integral to the adoption and integration of EU policy, that regional mobilization is hierarchical, and that some regions are in a position to be able to exert more political influence than others, Rumford points out that there still remains an implicit assumption in their work that regional influence makes a significant contribution to European integration and, particularly areas such as structural funding. Lovering (2001) has developed this argument further to suggest that, while the EU have touted the ‘New Regionalism’ as an illustrative expression of the transition from government to governance, in reality;

Some of the less attractive consequences of regionalism are now beginning to make themselves felt: complaints of unfair treatment as between one region and another; the consolidation of a socially unrepresentative elite; a top-down emphasis on the need for a regional policy consensus; the market oriented re-invention of regional identities, and the increasing concentration of material and cultural advantages in the regional ‘capital’. In the population at large, there are few signs that all this is seen as adding up to a significant change for the better (Lovering, 2001:1).

Jeffery argues that one of the main problems with using the multi-level governance framework to assess regional influence and wider political debate at EU level, including the ‘opportunities’ provided by cohesion policy and structural funding, is that it inherently neglects ‘the intra-state environment in which sub-national authorities and local knowledge structures are initially embedded and also the degree of European policy administration that has been institutionalised’ (2000:6).

He takes issue, particularly, with those who view regional empowerment, and sub-national mobilization, within a ‘terminology of transformation’ (Jeffery, 2000:1). Jeffery suggests that any analytical framework that seeks to assess the political impact and policy influence of the various tiers of multi-level governance, must take these levels of ‘embeddedness’
into account. To these ends, he proposes three context variables through which it may be possible to predict the degree of political influence that is likely to be wielded by sub-state actors at the European level. In this model, Jeffery considers that:

- Sub-national authorities (SNA's) that have been constitutionally endowed with a large degree of internal competencies are likely to exert more influence upon European policy and decision-making procedures than more weakly constituted SNAs;

- Formalized structures of central government/sub-national authority relations, with correspondingly formalized communicative links, are more likely to facilitate effective political channels to enable policy influence than communications that are more informally structured;

- Effective administration adaption, the ability to build coalition and effective leadership strategies that are responsive to the challenges and complexities of European integration, are more likely to improve the possibilities they hold for influence at European level decision-making;

- Sub-national claims for influence at EU level are likely to be enhanced by the credibility and perceived legitimacy, which SNAs take with them into the European policy process.

Jeffery suggests that this framework is likely to be complex and the variables that he identifies may crosscut in terms of how, when, and if they may provide influence on the European polity. He points out, for instance, that while there is a unitary constitutional strength across all of the German Lander, they may not all display the same levels of the other context variables that Jeffery argues are important for gaining a successful measure of influence within EU policy. Some regions or political locales may lack the level of political entrepreneurship that is required to exert an influential in this framework; they
may be deficient in a sufficiently rooted civil society; or some of these units may fail to bring the required amount of influence to intergovernmental relations. In this way, Jeffery points out that Bavaria 'has the most focused and efficient European policy administration of all the Lander and can be said to be well resourced in all these context factors. Mecklenburg-Vorpommern, on the other hand, has more or less the opposite profile in all these areas and has been noticeably less successful in exerting influence upon EU policy' (Jeffery, 2000:19).

In comparison, he points out that, although a decentralized, unitary state, Catalonia has been able to exert more overall influence upon EU policy that some of the more constitutionally strong Lander, through possessing greater strengths in the other three areas of European policy administration. In the same way, Jeffery argues that, through strengthening its political entrepreneurship as a more salient resource influence, Galicia has been able to exert a similar level of influence on areas of EU policy, to that of the constitutionally stronger Catalonia.

In summary, Jeffery contends that the sheer diversity of this 'bottom up European policy engagement is further complicated by the implicit dynamism of a scenario where constitutions can be changed, local entrepreneurship can be developed and civil societies can be invented' (Jeffery, 2000:19). Those who argue for the salience of a 'Europe of the Regions', where sub-national authorities have become more equal and more influential partners in the EU policy process, must consider that, the very fact that these are 'bottom up' developments, mean that these are ultimately uneven processes where, as Keating (1996:16) argues, 'sub-national interest mobilization cannot as yet be considered in terms of being a democratic wave sweeping across Europe and transforming the architecture of
governance in a uniform manner’. It is a variable process and is subject to a number of contingencies and fluctuations that dictate patterns of regional inclusion and exclusion in regard to political influence in both the national and European channels of communication. As Lovering suggests in response to those who advocate the increasing influence of a ‘Europe of the Regions’ within the EU:

Europe is typically seen not as a space within which regions can meet and collectively develop an alternative macroeconomic and regulatory agenda, but as a ballpark in which regional bodies compete or occasionally collaborate to gain funds (as was particularly evident in debates in Wales over the possibility of accessing Objective 1) (Lovering, 2001:10).

The continuing influence of intergovernmentalism

Into this complex framework, in agreement with Rumford, Jeffery points out that intergovernmental perspectives on European integration also challenge the multi-level governance view of European Union policy-making. As Rumford has pointed out, much of the literature on regional mobilization and the increasing influence of multi-level governance, assumes a fundamental challenge to the territorial nation-state as the legitimate locus of political sovereignty. However, as Sutcliffe (2002) has suggested, this argument is inherently negligible in regard to policies such as cohesion. While theorists of multi-level governance point in particular to the influence of sub-national mobilization at this level, Allen (1996:210) points to the increased financial resources that have been devoted to the structural funds in recent years alongside the particular framework for the funding delivery ‘as being determined by a process of high-level interstate bargaining, assisted by the European Commission but primarily resolved by the central governments of the member states’. Pollack (1995) has also pointed to the influence of national governments in this process where, in 1993 for instance, central governments were able to re-nationalise part of the package in the selection of Objective 1, 2 and 5b regions. Moreover, Sutcliffe points out that ‘central governments have continued to have the final
say in selecting the sub-national actors that could participate under the terms of the partnership provisions' (Sutcliffe, 2002:106).

One size fits all? The coherence of EU regional strategy

With regard to governance, the decentralised delivery system of the structural funds is seen as allowing for greater synergies between global policy objectives set at EU level such as the Lisbon strategy with the specific needs and conditions on the ground in the regions. In addition, cohesion policy with its comprehensive variety of actors is capable of enhancing the ownership of the Lisbon strategy by the regions and of managing complex development tasks under different conditions on the ground (European Commission, 3rd Cohesion Report 2005:7).

The problems in trying to engage a more 'bottom up' approach in order to address the traditional limitations of European governance becomes even more apparent when looking, at what has become an increasingly political policy in regards to the future direction of European integration. While writers such as Hooghe and Marks have welcomed the political developments that have characterised this policy area, seeing them as indicative of the increasing participation of region and sub-regional actors, others are less sure.

Rumford takes issue with those who position the EU as an emerging system of multi-level governance per se and, in particular, the supposition that the empowerment of regions and sub-state actors in more recent years, has initiated a de facto process of governance, where political decision-making has not only been summarily opened out to a wider arena of debate, but has also become more influential in promoting the concerns of social integration through a greater engagement with local knowledge. Thus, as outlined in the above arguments, the EU's invocation of a 'Europe of the Regions', and the contemporary prominence of the regional unit 'as the new functional space for economic planning and political governance' (MacLeod, 2001:80), is questioned by writers such as Rumford and Lovering as providing the kind of political structure through which sub-regional
knowledge is able to effect real change beyond the particular concerns of the New
Regionalist paradigm of economic debate.

Bachtler and Turok (1997) draw upon arguments proposed by writers such as Jeffery to
point out the difficulties in implementing an EU cohesion strategy which, as well as being
constructed within a particularly conceived narrative on how cohesion is to be achieved, is
presented as a fairly standardised package into what is a highly diverse European political,
economic and social landscape. As Jeffery has already pointed out, these diverse
conditions may actually be counterproductive in accommodating and implementing
cohesion policy and the structural funds themselves.

While, enthusiasts of the new governance approach point to the greater prominence of sub-
national mobilization and wider political involvement at EU level, writers such De Rynck
and McAleavey (2001) are more critical, pointing to the particular significance of cohesion
policy to this debate;

Until now, cohesion policy has been organised in primarily territorial terms, mainly at the
regional level since 1988, but a concern for sub-regional policy responses is increasingly
apparent. Looking at the content of cohesion policy, one finds that the European
Commission is promoting a focus on the micro-level as a result of its aim to increase
targeting, this in turn being viewed as a mechanism to respond more effectively to
disparities among individuals. Factors inherent in the nature of cohesion policy (its aims,
instruments and effectiveness) must be considered, however, alongside political dynamics
and positions of member states, to interpret this development correctly (De Rynck &

De Rynck and McAleavey argue that, while research into regional empowerment in the
New Europe, and literature on the advent of multi-level governance, has developed into an
impressive field of study, it has often been evasive in exploring the content in areas that are
thought to be the most representative of political transition, such as cohesion policy. They
suggest that much of this research has been negligible, not only in relation to how the
overall agenda has already been cast within a particular discourse relating to regional economic development, but also in relation to specifying exactly how sub-level empowerment has actually been influential in these areas and in what ways it has become visible. Thus, they suggest that a more thorough examination of sub-national input into regional policy must explore the distribution of regional funding, and decision-making that takes place, within the regions themselves.

Batterbury (2002) argues that local conditions, institutional performance and particular political cultures, become instrumental factors in measuring the effectiveness of regional policy:

There are three important factors that shape regional, institutional performance and policy delivery. Firstly, a mismatch between the socio-cultural environment and policy design can lead to problems with policy delivery and goal achievement where policies are insufficiently tailored to the needs and strengths of the locality. Secondly, a lack of compatibility between policy implementation requirements and existing institutional structures is also liable to contribute to problematic (and therefore less effective) institutional performance and policy implementation. Thirdly, the wider institutional framework at the European (EU) and member state level also impacts on effective policy delivery and institutional performance, as regions are part of a broader partnership and network within the EU area (Batterbury, 2002:862).

Batterbury argues that the cohesion strategy adopted by the EU, as a coherent strategy for economic and social planning often misreads some of the basic tenets of this argument, notably the assertion that a region’s competitive advantage is ultimately embedded in the operation of its local civil society. Thus, in a parallel to the debate on the New Regionalism and the argument suggesting that civil society can help to determine institutional performance and economic development, ‘the centrally conceived character of EU structural funding policy, fails to address the need for policies and institutions that actually facilitate and build on the strengths and distinctiveness of particular localities and cultures’. She goes on to argue that it is ‘the policies themselves that need to be designed
in such a way that will capture regional and local strengths to ensure effective delivery and realization of desired policy outcomes' (Batterbury, 2002:862).

In agreement, De Rynck and McAleavey (2001:241) argue that the particularly conceived ideas on the New Regional economic paradigm, and the subsequent strategies that have been initiated for regional development, have led to what they have called a 'cohesion deficit in structural fund policy'. Here they argue that there is a failure to account for the particularisms of the socio-cultural environment in which 'on the ground' implementation is able to take place. Exploring this idea further, Batterbury argues that this 'top-down' approach and misreading of the relationship between institutional performance and policy outcome can precipitate problems such as 'clientelism', whereby it is the better organised groups and individuals are able to provide more of an influence in targeting and disseminating the funds through 'informal' networks. The consequences of this may mean that the many worthy beneficiaries, to whom the structural funds need to be allocated, may be excluded, and targeting distorted, by the groups that have been organised and resourced enough to 'capture' the funds.

Piattoni (1997:320) describes what she calls virtuous clientelism as 'the result of the deliberate choices of political actors to foster economic development and deliver actual goods in order to maintain their hegemonic position'. Batterbury noted evidence of such activities in her two case study regions, and the influences of structural funding procedures upon SME development. The clientelistic culture in Sardinia, she argues,

Appears to have impacted directly on the administration of the structural funds in this locality. The distribution of grants and assistance under the structural funds was mediated by the clientalistic socio-cultural environment within which the funds came to be administered. The institutional multiplication and the multiple participation of entrepreneurs in a number of SME schemes may be partly explainable by clientalistic dynamics that pre-condition all social interactions in the region. The public administration
has also been, in part, staffed by individuals who were said to have received some patronage in attaining appointments (Batterbury, 2002:871).

This clientalism began she argues, as a result of the inability of the regional government to adequately deal with the administration of the structural funds where, in an attempt to bypass this inefficiency, an ad hoc ‘creation of semi-autonomous institutions’ then became instrumental in facilitating a clientelistic ethos.

A clientalistic culture was also in evidence in Batterbury’s other case study, Galicia. Clientelism in this area differed slightly from that of Sardinia and was based more upon party politics. However, subsequent informal networks and patronage, which Batterbury argues ‘stemmed largely from political choices about the location of the SME resources’ (Batterbury, 2002:871), were also heavily influential in deciding which SMEs were to benefit and where funding should be principally targeted. In this way, she argues that;

It is the mismatch between policy intention and socio-cultural environment that has created the opportunity for political manipulation of the intervention. This is not caused by a lack of civic culture but by a lack of synergy between overarching policy design and local socio-cultural environment (Batterbury, 2002:871).

Batterbury concludes by arguing that cohesion policy and structural funding still come from a predominantly ‘top-down’ approach despite reforms, and a commitment to greater political inclusion. The Commission would need to apply further reforms to cohesion policy to enable a more flexible adaptation to local conditions, and particular socio-cultural circumstances in order to prevent the kinds of barriers identified in her research that prevent a more democratic implementation of structural funding.

This ‘cohesion deficit in structural fund policy’ has also been explored by writers such as De Rynck and McAleavey (2001:541) through what they call the ‘pork barrel logic in policy implementation’. As with Batterbury, they ask the question: ‘who benefits from
cohesion policy?' The findings of their research suggest that the structure and organisation of cohesion policy mean that it tends towards favouring the most organised and best-resourced regional political actors. Funding is often carved out within these networks through 'pork barrel logic'. As with Batterbury, they suggest that this has had a tendency to draw funds away from the real issues of deprivation and has often excluded many of the groups and individuals who possess the knowledge needed to tackle 'on the ground' cohesion issues.

De Rynck and McAleavey go further than Batterbury in suggesting that 'client politics' has grown with the dominance of the New Regionalism perspective on growth and economic development and its framing within economic globalization. Thus;

National and regional administrations, training and development agencies other government or semi-government bodies at sub-national level involved in economic development, research institutes and businesses can all be implicated in some form of clientalist politics where specific interests become the ones invariably represented in policy implementation (De Rynck & McAleavey, 2001:544).

Again, the authors suggest that this kind of clientelism tends to exclude some of the more unorganised groups within a region who may be unable to mobilize into collective action, gain influential access on partnerships, or traverse documentation for instance. They argue that it is invariably the better-informed and resourced groups that are advantaged in this position. More importantly, De Rynck and McAleavey point out that 'typically these are elites whom policy-makers need to reconcile with the idea of creating a single market and lifting national protection systems'. Lovering calls this kind of regional representation the 'service class'. He argues that it is difficult to reconcile this scenario with democratic debate on social integration in the EU.
Summary

While advocates of multi-level governance and the New Regionalist paradigm of economic development suggest that economic functionalism and elite decision-making have been superseded by a commitment towards governance and a greater concern with social integration, many commentators are sceptical of these claims, suggesting that they often fail to take account of particular structuring mechanisms. For instance, Rumford argues that the more recent commitment to 'cohesion' is still couched within a discourse favouring economic integration as the preferred method through which to pursue European integration and, as such, he argues that it is more about market cohesion than social cohesion per se.

Likewise, Lovering takes issue with New Regionalism as the new paradigm through which social and economic innovation and political democratization are to be realized. For Lovering, these two developments are primarily neo-liberal projects where the overall aim has been to trace the progress of economic globalization. This has been a situation he argues, where certain regions maintain an advantage over others and, rather than facilitating cohesion, has precipitated a scenario where regions are encouraged to compete against each other.

Finally, writers such as Batterbury and De Rynck and McAleavey argue that, regional or sub-level empowerment, is subject to a number of socio-cultural variables that often tend to marginalize civil society institutions, organisations, and civic participation at the grassroots level. Here, these writers suggest that the active engagement and uptake of local knowledge in cohesion policy – a policy area that the Commission have identified as a key policy instrument in helping to regulate economic and social imbalances in the single
market - can often be negligible in providing a policy counterbalance through which to address the social contradictions of economic convergence.
Chapter 4

Cohesion, the Structural Funds, and the UK: The Welsh Experience of the 2000-2006 Objective 1 Programme

Introduction

As argued in Chapter Three, it is evident upon closer inspection that 'cohesion', both as a policy initiative and as a normative framework for social integration, must be qualified through a closer consideration of some of the central issues that inform a debate of this kind and that invariably construct the EU’s chosen interpretation of what cohesion is and how it is to be achieved.

As Rumford pointed out, the fact that the structural funds, and the overall aims of cohesion policy itself, are couched within terms that prioritise market driven solutions, signifies that cohesion is to be brought about via a specific policy agenda. As he concludes: ‘cohesion will be brought about via the mechanism of the market, not to compensate for it’ (2000:20).

Placing this idea of cohesion within the framework of the New Regionalist economic paradigm, Levering (1999) then voiced doubt as to whether this theory of economic development could be utilized as a holistic model through which to address many of the social contradictions of European integration. To profess otherwise, he suggested, would be to promote a model of integration that was in danger of marginalizing or misrepresenting ‘real world’ cohesion issues.
Lovering, in agreement with others who have explored policy in this area – for instance Jeffery (2000) and Batterbury (2002) – pointed to political innovation in policy areas such as the structural funds, as often creating a ‘cohesion deficit’ in decision-making and policy implementation. They remain sceptical in these regards as to the extent in which the EU have been successful in fostering a more democratically conceived political space and, particularly, one in which the local knowledge of policy issues are taken on board and utilized to any great effect. This was illustrated through the work of Batterbury and also De Rynck and McAleavey (2001), where they argued that the funds still remain, in many ways, a top-down endeavour. They pointed out that in the areas they looked at, EU regional policy remained out of synch with issues such as clientelism and ‘pork-barrel politics’. It was suggested that in some regions, funding structures might even have played a part in the creation of a service-class elite and another bureaucratic structure to effective grassroots participation. In these regards, it is possible that these barriers may ultimately have served to strengthen the top-down, economic vision of European unification despite claims to the contrary.

Following on from the broader, European wide context of the last three chapters, this section becomes more specific, locating the European social model, cohesion issues, and the operation of the structural funds within the context of the UK. As the discussion in the last chapter argued, the problem of cohesion is most evident at the regional level and is the site through which the EU have decided that the social contradictions of economic integration, and the main barriers to cohesion, are to be addressed in policy. While economic and social cohesion issues have become even more complex with 2004’s enlargement into eastern Europe, even within somewhere such as the UK, the implementation of the structural funds illustrates the diverse nature of implementing
regional policy in the EU and the kinds of issues that characterise the difficulties of facilitating social Europe.

This is a line of argument that has been explored by writers such as Martin and Pearce (1999:32) who point out that the UK provides an interesting case study in itself for anyone wishing to explore the changing dynamics of EU regional policy. The particular argument they develop, suggests that the structural fund reforms that have occurred since the mid-1980s, have been instrumental in informing changes in the political landscape and institutional structures in the UK. In tandem with developments instigated by the Commission with the aim of better enabling the development of local funding mechanisms, Martin and Pearce argue that political decentralization in the UK since 1997 has further reinforced these changes and now provides an interesting, and interactive, backdrop to the integration process.

This chapter will explore the extent to which the structural funds have ‘worked’ within the UK, made a difference, or at least been aligned with some of the fundamental aims of the European social model. As argued in the last chapter, the ambiguity surrounding concepts such as ‘cohesion’ and the ways through which its aims have been realized in policy, make these questions difficult to answer in a conclusive manner. The fact that many of the aims of cohesion policy have been conceived as being sustainable strategies that will address in what are in many cases deeply rooted social and economic problems, has meant that short-term fixes in these programmes are, in any case, unrealistic.

Even so, various research projects have been carried out with the aim of trying to assess the impact of the structural funds on the UK. This has varied from some who have argued
that cohesion policy, and the revamped role of the structural funds, has been instrumental in contributing towards the so-called ‘economic miracle’ of Ireland’s visibly reinvigorated economy, to a more ambivalent situation in other areas of the UK – in this case Merseyside and Yorkshire and Humberside – that have been the beneficiaries of various structural fund programmes. However, the chapter concentrates principally on an in depth exploration of the situation in Wales where a history of structural fund investment was given renewed impetus in the late 1990s with the advent of the Welsh Assembly Government (WAG) and the economic redrawing of the Welsh region in order to qualify for Objective 1 status for the 2000-2006 programming period.

The UK, European integration and the transformation of local administration

As Bache and Jones (2000) observe:

Until recently, the UK was unusual compared with other EU member states of a similar size because it had no regional tier of government. While Scotland and Wales had long-established territorial boundaries and territorial ministries with considerable administrative functions, UK constitutional arrangements were characterised by the absence of regional political devolution. This was particularly striking in the complete absence of a coherent definition of boundaries for the English regions, their size or even the concept of a region (2000:9).

As Martin and Pearce (1999:32) postulate, ‘it’s growing involvement in the European Union’s structural fund programmes and participation in pan-European networks of local and regional authorities has been one of the more remarkable features of British politics and the role of sub-national government during the 1990s’. They propose two principal reasons for these developments, which can both be comfortably reconciled with the New Regionalist paradigm of economic, political and social development:

- Firstly, they suggest that, over the last two decades, many local authorities have lost control of a number of key local services whilst being simultaneously squeezed by ever tighter legal and financial controls from central government, and;
Secondly, they point out that local authorities, as with much of contemporary European societies, have become increasingly subject to international laws that now originate from Brussels as opposed to national legislature.

As Byrne (2000:451) observes, it is primarily these two developments that have led to a situation whereby British local government, and sub-national decision-making bodies, have increasingly had to look beyond central government and, more and more, towards the political institutions of the EU. In this way, the sheer numbers of regulations that emanate from Brussels – which councils are increasingly bound to both obey and enforce – together with greater integration and the receipt of European funds, have been instrumental in promoting a regionalization of British local government. In turn, these developments have been encouraged and facilitated by a European Commission seeking a greater degree of influence and legitimacy in its self-appointed role as the principal political motor of integration and main instigator of European level policy formulation.

Importantly, as Gibbs et al (2001) argue, while local and regional units of political activity have gained a more influential role in the structures of this 'new' governance agenda:

This situation does not necessarily mean that there has been a subsequent loss of power for the national state. A closer examination of this process shows that there has been a 'hollowing out' of state activity, which is only one part of other processes that are at work such as the destatization of the political system and the internationalization of policy regimes. Thus, local and regional authorities have now become strategic enablers rather than direct deliverers of policy (Gibbs, Jonas, Reimer and Spooner, 2001:103).

Byrne argues that the impact of the EU, and deeper integration, on British local government can be observed in four ways, which he outlines as:

- Organisational;
- Functional;
- Socio-economic;
- Constitutional.

In this typology, Byrne suggests that the first two effects are factual and their effects on local government can be directly observed. The other two he argues, are more circuitous and more related to wider contextual processes where their effects on the activities of local government are less easy to observe in any direct way.

Organizational effects refer to the aspects of European legislation that directly impinge upon the ways in which councils and local authorities operate. As Byrne argues, these organizational effects now include: i) more European regulation of the public procurement of works, supplies and services, where EU rules now stipulate that such contracts must be advertised and subject to non-discriminatory competition across the EU; ii) personnel issues where 'EU legislation on equivalence of qualifications working conditions, part-time rights, consultations rights and freedom of movement, applies (Byrne, 2000:452) and, iii) the economic aspects of local authority organisations. These include: the free movement of capital, fiscal harmonization, VAT on public services and EU grants.

Functional effects covers the activities of a wide range of local services and, as Byrne points out 'will concern some local authority departments more than others: those such as education (e.g. European awareness, language and vocational training, student exchanges; technical services (eg engineering specifications, codes of practices); environmental services (e.g. air and water quality, waste management) and; consumer protection/trading standards (e.g. food inspection, weights and measures). These functional effects are the consequence of greater European regulation at the local level.
Socio-economic effects concern the consequences (gains and losses) of the European single market. Many of the social consequences of economic integration, as already suggested, fall under the remit of local authorities. Economic decline, de-industrialization and unemployment are generally considered to be more indirect effects of external processes. However, by the same token, European integration and globalization also provide benefits for many regions and locales, where inward investment and EU funding holds the potential to enable locales and communities to flourish.

Constitutional consequences, these again have arisen from the greater legal authority that has increasingly migrated to the EU institutions in more recent years. The invocation of the 'subsidiarity' principle at Maastricht is a particularly good illustration of this process whereby, in order to engage local knowledge and 'appropriate' decision-making, 'the Commission has actively developed links with local authorities, both directly and through the Committee of the Regions (COR) and the Assembly of European Regions' (Byrne, 2000:453). As Byrne points out, the regional and sub-national dimension to this political structure has become more significant for the UK with devolution to Wales, Scotland and Northern Ireland and the advent of regional development agencies in England. Thus, in consideration of Byrne's argument, it is apparent that the process of European integration has a number of direct and indirect implications for the activities of local government in the UK. For Byrne, not all of these are necessarily beneficial, and European integration, and its inextricable links to the requirements of the global economy, can have the effect of destabilizing many of those regions and locales whose activities may be undermined by the more centrifugal forces of the single market.
However, as Byrne points out, the more positive side of this picture has been the financial assistance that is available from the EU, coupled with reforms that have been instigated in the political mechanisms delivering these funds. As he argues, it has been changes and reforms to the structural funds that have played a major part in forcing greater political leverage at the local level from the constraints of top-down centralized administration from Westminster.

Regional policy: empowering local decision-making in the UK?

While the early years of the administration of regional policy in the UK were visibly hampered by the perceived inefficiencies of central government – the structural funds were originally an informal side-payment agreed upon in order to compensate for national discrepancies in the CAP agreements – the 1988 reforms were instrumental in changing this situation. Decentralization of the decision-making process has fostered greater scrutiny and political accountability at the local level and funding decisions are now much more likely to be made at the point of delivery than was previously the case.

Byrne points out that many local authorities in the UK have appointed European Funding Officers, established European Administration units and have set up permanent offices in Brussels to help to build up the necessary links and sustainable communications in which to negotiate grant aid applications with the Commission, thus seeking to bypass central governments and provide a more direct route to Europe. Byrne notes that councils and local authorities also take part in various consortia and 'network bids', which are designed to make more concerted and sustainable efforts in procuring European funding.
He suggests that local authorities in particular are now in a more powerful position to be able to obtain the material and political benefits that are constitutive of EU membership. Local authorities may also send their own lobbying committees directly to Brussels:

Local authorities also cooperate jointly with the EU through the International Union of Local Authorities (IULA) and the Council of European Municipalities and Regions (CEMR). They are also on various consultative committees. Evidently, 'local government participation in Community affairs is not purely a matter of form. It can and does produce results (Byrne, 2000:455).

In more recent times, the Local Government International Bureau (LGIB) has constituted the role of the European International Affairs unit of the UK local authorities associations, in turn representing the British Section of the International Union of Local Authorities (IULA) and the Council of Municipalities and Regions (CEMR). Principally, the aims of the LGIB have been to encourage and develop the interests of British and European local government, to provide accessible information on EU policy, and to promote wider and deeper international links between local authorities within and across the EU. This approach to policy making has become particularly illustrative of the way forward for European governance, where the continual search for best practice, policy efficiency and strategic innovation, particularly in policy areas such as the structural funds, has manifestly become a more 'reflexive' endeavour than the top-down economic project of yesteryear.

John (1993), using research data gained from the Joseph Rowntree Foundation, argues that, 'on balance, European integration has been positive for British local government in the light of the deterioration of central-local relations and the loss of functions that began in the 1980s'. However, he cautions that:

The gains have been minor and the progress to faster integration slow. The development of faster integration may not even necessarily benefit local authorities as it might lead to more centralization and greater controls over discretionary powers. The present balance of power between central government and European decision-making might be the most beneficial arrangement for local government (John, 1993:455).
Engaging with citizens and other stakeholders

Policy initiatives to establish a greater connection between citizens and political institutions are not unique to the EU. While the greater visibility of European funding in recent years has served to highlight this particular development, Martin (2003) points out that there have been various attempts to initiate local involvement in planning and political decision-making in the UK from as far back as the 1960s.

There are several reasons why citizen engagement has been seen as increasingly important in the UK. Firstly, in alignment with the changing relationship that has occurred between central and local government outlined above, it is assumed that increased public participation will complement these changes: ‘bringing pressure to bear on otherwise unresponsive and inefficient public bureaucracies’ (Martin, 2003:190). Illustrating his point, he argues that in more recent years, there has been a greater emphasis upon public involvement in planning and delivering services where, for example, Clause 3.1 of the 1999 Local Government Act demands greater levels of consultation with service users and taxpayers.

A second reason why stakeholder involvement is seen as an increasingly important part of political modernization has been the low and falling turnout levels in both local and general elections in the UK. The promotion of direct involvement at local level has been seen as a way through which to address this issue. In fact, initiatives such as Agenda 21 attempt to reach many of the groups and individuals who are particularly marginalized both socially and politically. The New Deal for Communities Programme, for example, is run on the lines of facilitating community initiatives and grassroots involvement as part of a ten year programme that is designed to regenerate thirty-nine of the most deprived areas.
in England. During this ten year period, it is expected that £800 million will be given straight to community groups and voluntary organisations, who will lead a bottom-up approach to addressing areas characterised by social and economic deprivation where more top-down measures have traditionally proved to be less than successful.

What is apparent in this picture is the development of a more *symbiotic* relationship between European and UK initiatives on issues that are common to both, where greater strategic cooperation may be necessary. Consequently, one of the main aims in policy areas such as the structural funds has been to try to more closely integrate national initiatives with those of the Commission.

**The Irish Republic: a ‘showpiece’ for regional economic development?**

The closer links to the EU that have been forged since the Republic of Ireland joined the Community in 1973, and subsequent internal political developments that have occurred in the 1990s, have been seen as two of the principle reasons for the Irish Republic’s impressive economic performance in recent years. Once described as the ‘sick man of Europe’, writers such as Smith (2002:126) point out that, what has become known as the ‘Celtic tiger’ has become of particular interest to discussions on both globalization and European integration. Smith highlights the significance of the fact that ‘journalists, academics, politicians, and even international institutions such as the IMF, have all pointed to the Republic’s recent economic growth as evidence of how nations and regions can develop and flourish in a globalized world economy when the right conditions are in place' (2002:126).
As Smith asserts, 'for most of her existence, the Irish Republic has been regarded as an economic laggard' (2002:126). Indeed, as she notes in an OECD report in 1976 it was pointed out that 'the problems of Ireland are of a special and graver character than in most OECD countries’ (OECD, 1976:60). Smith suggests that, even as recently as the late 1980s, the Republic lagged behind even the most seriously underperforming and underdeveloped EU economies such as Greece, Portugal and Spain. In the last decade, however, this situation has changed almost beyond recognition where, in a country by country survey, the OECD claimed in 1999 that:

No other OECD country has been able to match its [the Republic of Ireland’s] outstanding outcomes. Between 1994 and 1999, Ireland’s average output growth doubled. For several years the Irish Republic has had the highest growth rate in terms of GDP of all the OECD countries. Ireland has been ranked fifth highest in terms of competitiveness (OECD report, 1999, cited in Smith, 2002:126).

Osmond (2000) agrees that the salient statistics collected during this time are indeed impressive and included:

- Average economic growth of 5.5% between 1987-97, and 7% between 1997-2000 (the OECD average in this period was 2.6%)

- Inflation of just below the EU average of 2.4% in 1999

- Government debt reduced to 60% of GDP by 1998

- Balance of payments in surplus since 1991
Near full employment – there were 4.7% unemployed in March 2000, one of the lowest figures on record

Record low interest rates (Osmond, 2000:4-5).

While there are no simple equations through which to explain the conditions that have facilitated this process, O'Hearn (1998) argues that EU monetary transfers, via the CAP and the structural funds, played a large part in providing the seedbed for ‘turning around’ many of the regional circumstances that were marginalizing this part of the UK. In particular, he argues that the political administration responsible for the ‘on the ground’ decisions involved in the dissemination of the structural funds in Southern Ireland invested these transfer resources well, creating the conditions for a sustainable economic infrastructure through, among other things; upgrading transport and communication infrastructures, providing the foundations for fiscal mobility, and training the relevant engineers and other professionals (O'Hearn, 1998:87).

Blake and Croot (2000) point out that the long term planning that has characterised Irish economic and political management during this period has involved the direct involvement of the Irish Development Agency, and other sub-national bodies, in utilizing European funding in order to account for wider changes in the global economy that occurred during this time. Specifically, resources were targeted on: increasing supply-side economic measures such as education and investment in human capital; constructing more efficient transport and communication infrastructures; creating a more business friendly environment, and ensuring greater macro-economic stability in exchange rates and national wage agreements. Furthermore, as Blake and Croot point out, this long term strategy has also involved ‘identifying key sectors of the economy – in this case electronics,
pharmaceuticals and internationally traded services – where long term growth prospects, employment potential, and the ability of these sectors to cluster, would provide the greatest ‘multiplier’ effects’ on facilitating sustainable economic development (Blake and Croot, 2000:2).

Overall, regional strategy in Ireland would seem to provide an illustrative example of the possibilities for regional economic development provided by European funding, where long term planning and a widening of political cooperation can provide the foundations for regional innovation and economic development. While some commentators are wary of the term ‘Celtic tiger’, and countenance a measure of caution in some of the more outlandish claims made for the significance of the EU structural funds in facilitating the Irish economic boom – Osmond argues that it accounted for less than 1% of GDP growth during the 1990s – there is no doubt that, as part of a long term economic planning strategy, coherent dialogue between the social partners, effective participation in the single market, effective utilization of the structural funds have played a part in facilitating regeneration in an area of the UK that had previously been both economically and socially marginalized.

**Economic regeneration and Objective 1: the case of Merseyside**

Geddes (2004) argues that that there has been often been an inherent political tension played out in policy areas such as the structural funds, a situation that has become particularly prevalent within the regional restructuring process that has occurred in the UK in recent years. He points out that greater regional autonomy has not always coincided with effective local delivery of policy and can become indicative of the development of what he calls ‘a contested, multi-level polity’, where there is often a conflict over ‘the
direction of policy and access/control over resources' (Geddes, 2004:178). This next section explores this argument in more detail and looks at some of the principal conflicts that were characteristic of the 1994-1999 Objective 1 programme on Merseyside.

Merseyside has been one of the areas hardest hit by the economic recessions that have impacted upon the UK during the last thirty years or so, where Boland (2000:5) points out that, 'in recent decades it had frequently been used as a laboratory where various political treatments for the ailments of economic, social and urban decline have been tested on a national basis'. However, by the late 1980s, it was apparent that the neo-liberal, supply side measures advocated by successive Conservative administrations, had singularly failed to address issues of rising unemployment, and deepening poverty and social exclusion in the area. While Merseyside was, at the time, designated to be a declining industrial region, and a beneficiary of Objective 2 funding, local authorities in 1989, aware that something different was needed to address the particular problems in the area, became successful in pushing for Objective 1 status. First awarded in 1993, the significance of this position, as Boland points out, 'was that Merseyside was now in a position to access the highest priorities under structural fund support for depressed regions' (Boland, 2000:5).

Coinciding with the 1994-1999 round of European funding, the award of approximately £1.6 billion in 'matched aid' for this period provided, as Boland points out, 'a significant opportunity for policymakers to begin to tackle economic and social decline on Merseyside, and thence lay the basis for regional development and employment creation' (Boland, 2000:2). In line with the Commission's aims towards promoting a greater impetus towards 'local' problem solving networks, a regional coalition was mobilized and was headed by the Government Office of Merseyside (GOM) alongside the Merseyside
Task Force, five local authorities representative of Merseyside and other selected local authorities.

In a subsequent assessment of the impact of Objective 1, and its social and economic influence on the region as a whole during this period, Boland argues that the aims of the Single Programming Document (SPD) that was agreed were far from being achieved by the conclusion of the programme. What were felt by many at the time, including Regional Commissioner Bruce Millan, to be over-ambitious and unrealistic aims, are summarised by Boland:

Objective 1, 1994-1999, was an attempt to improve Merseyside's performance on key economic indices such as unemployment, economic activity and inactivity and GDP. The latest government statistics raise some serious question marks over the economic success of Objective 1. Moreover, it is argued that they paint a fairly disturbing picture. Unemployment figures, for instance, reveal that Merseyside still has the highest unemployment rate of any country in the UK; a figure of 8.5% that remains at double the UK average of 4.2%. An unemployment rate of 11% of the Borough of Knowsley represents the fourth highest unemployment rate for any local authority area in the UK. Merseyside also has the highest economic inactivity rate in the UK with 31.2% of the working population not participating in the labour market compared to 21.4% for the UK. The corollary is that Merseyside has the lowest economic activity rate in the UK with only 68.8% of the working population active in the labour market, set against 78.6 for the UK (Boland, 2000:16).

Geddes suggests that three areas of tension could be identified in the programme, each of which created difficulties in the ability of a *multi-level polity* to coordinate in delivering effective local strategies, particularly in the community regeneration parts of the programme. Barriers that were identified by Geddes included: a continued legacy of the influence of central government over proceedings; the development of local power asymmetries over funding and resource allocation, where these new ‘regional networks tended to favour those with knowledge and expertise of EU procedures’ (2004:179), and finally; there was a marked absence of accountability, leading to a situation where local
groups often fought it out amongst themselves for funding with the dominant actors often working within rules based on what Boland has termed ‘the law of the jungle’ (2000:13).

The first problems became apparent, argues Boland, over the initial agreement on the SPD, and the detailed negotiations on the form it would take which took place between the EU, national government departments, and the regional actors involved at this stage of policy decision-making. Boland points out that the regional plans proposed by the Merseyside coalition, and the important ‘local reach’ advocated by the Commission as an integral part of the reforms, became ‘squeezed’ almost before they had got off the ground by ‘the conflicting ideas and instructions emanating from Brussels and Whitehall’ (Lloyd and Meegan, 1996:58). Firstly, Geddes argues that the form and content of the SPD draft that was agreed was heavily influenced by the UK government and could be seen in part as ‘a reflection of the treasury’s desire to keep a tight grip on EU expenditure, given that it sees much of the money flowing from Brussels as a reimbursement for contributions made rather than fresh money’ (2004:178). Secondly, and in relation to the first point, Lloyd and Meegan (1996:78) suggest that the SDP itself summarily lacked genuine local input and innovation, appearing more to reflect ‘the UK government’s own national agenda for a flexible, market driven response to regional need’. The recommendations that appeared in the SPD appear to confirm this argument, as Boland explains, where the final document:

Involved providing for the funding of projects that were not dissimilar to those that had previously proved fruitless in delivering economic growth on national lines. Whosemore they contained a lack of coherent analysis of the regional economy and a genuine strategic regional plan (Boland, 2000:7).

Thirdly, and consequently, the SPD finally approved appeared to be primarily a ‘political compromise’ between national government and the Commission. While the UK government maintains a substantial regional foothold via resource allocation, the Commission’s role in setting the agenda as ‘regional animator’ (Barry, 1993) ensured that
the 'local reach' of the regional coalition, was ultimately peripheral to the overall influence of these two political tiers. Lloyd and Meegan (1996:78) argue that, ultimately, local input to the SPD for Merseyside's Objective 1 bid was not a regional or local strategy of any real substance, but at this stage constituted little more than a strategic governance structure, and a political device through which the UK government could dictate the nature of the SDP so that it could be shaped to national priorities within an overall policy framework set by the Commission.

Many critics argued that asymmetrical power relations were also in evidence once funding had been delivered to the local level. As Boland points out:

The 1994-1999 programme has been dominated by the big players, with the GOM at the helm, ably supported by the five local authorities, the three Training and Enterprise Councils (TECs), the privatised utilities and local quasi-public agencies, while there has been a limited role for the marginal players such as the private, voluntary and community sectors, trades unions and other social partners. Moreover, the lack of any substantive input from the marginal players denies the delivery of the SDP a valuable source of information and energy (Boland, 2000:11).

Here it is argued that the dominance of particular groups served to restrict the scope, and narrow the membership of the local partnership structure. Geddes argues that it was mainly those groups and individuals with knowledge and expertise of European funding who were able to play a central role in the process; mitigating against greater involvement particularly for the private sector – and an important source of match-funding and business innovation – and also greater input from the third sector and the particular expertise and 'local reach' important in addressing social and economic marginalisation in the area.

Boland argues that the 1.6 million pot of money sent these groups into a 'feeding frenzy' where:

Resource allocation was driven less by need and competency and more by positions of power and the ability to generate match funding. The desire to draw down and spend the
money became the modus operandi for local stakeholders, while adherence to an agreed local economic development strategy and/or a regional partnership came a poor second they 'scrabbled away amongst themselves for a share of the spoils (Boland, 2000:12).

Speaking in 2004, Gleeson suggested that a decade of Objective 1 funding had not delivered the target of raising GDP per capita to 75% of the EU average. However, he argued that these figures had shown improvement, pointing out that 'the reality is far too complex to be judged by one single performance measure’ (Gleeson, 2004:1-2). In fact, 2003’s Mid-Term Evaluation reported that there had been ‘far reaching reforms to the governance and management of the programme’ in collaboration with a greater role for local agendas such as the Pathways project (Regenis/MTL, 2003:7) in light of some of the criticisms that had been highlighted above. However, it remains to be seen whether continued European funding will itself will play a central role in turning around the social and economic issues that brought Objective 1 to the area in the first place.

Objective 2 in Yorkshire and Humberside: institutional capacity and the 'localization' of economic development

As argued above, the Objective 1 programme on Merseyside during the period 1993-1999 was characterised by what Boland describes as ‘asymmetric’ power relations, carved out firstly between the Commission and the UK government, and then at the local level where grassroots input very often depends upon the political culture into which funding is channelled. Boland argued that these structures ultimately served to work against effective incorporation of local knowledge, and the more informed regional input that had been a policy aim of the 1988 structural fund reforms.

One of the main concerns of the Commission in introducing the various structural fund reforms has been to facilitate ‘institutional thickness’ or ‘institutional capacity’ within regions that lag behind the EU average. It has been suggested by the Commission, and
echoed in the New Regionalist paradigm of economic development (see for instance Storper, 1997; Scott, 1998; Saxenian, 1994) that it is regions with a *highly developed institutional capacity* that are invariably the ones who are able to translate this into successful economic performance and subsequent regional well-being. The underlying assumption of this kind of analysis, as Gibbs *et al* (2001) suggest, is that:

A major problem for 'lagging' regions is that they either lack the type of institutional capacity present in more 'successful' areas or, if they do exhibit some degree of institutional thickness, the local institutional milieu is conflict-ridden and dysfunctional to the realization of a hegemonic growth model. In the European regional policy context, there is an administrative bias towards developing partnerships and capacities observed to have 'worked' in the more successful EU regions (Gibbs, Jonas, Reimer and Spooner, 2001:104).

Thus, as they point out, in recent years, the theoretical model of 'institutional capacity' – and what has characterised economic performance in 'successful' regions – has moved from constituting an analytical or theoretical concept to being a *prescriptive* one: a model of economic development in which there is now a role for public policy to play a greater facilitating role in enabling institutional thickness and optimum regional capacity in the way of partnership working and participative dialogue.

According to Bentley and Shutt (1997) Yorkshire and Humberside is a prime example of a region that, historically has displayed a fairly weak model of institutional capacity. Consequently, these authors argue that its eligibility for EU funding, and the rules that dictate local conditions for suitability, instigated a need to rethink its particular political environment in order to qualify for funding. In the period leading up to the 1994-1999 period lobbied consistently for Community assistance, eventually resulting in a £243 million allocation in this period.
The main problems facing Yorkshire and Humberside, as drawn up and identified in the SPD were seen as being:

Deindustrialization and the collapse of the traditional coalfields and textile areas where long-term structural decline has seen employment in its key industries—steel and coal mining, engineering, textiles and fishing—decimated. This has meant widespread regional deprivation and dereliction, which is currently accelerating within the cities and outside in the coalfield and fishing areas (Bentley and Shutt, 1997:133).

In order to investigate this debate, Gibbs et al set out to conduct research on the Humber sub-region, which they argue has suffered difficulties in drawing down the available funding, particularly in relation to the surrounding areas of West Yorkshire and South Yorkshire: all beneficiaries of Objective 2 in the period 1994-1999. In particular, they were interested in trying to discern the kind of ‘institutional capacity’ that was being developed, or not developed, in this particular locale. This is an important question to ask they argue, in that while terms such as ‘partnership’, ‘networking’ and ‘learning region’ litter the EU’s rhetoric on regional development, nowhere is the term ‘institutional capacity’ clearly defined, other than to suggest a number of loose concepts.

The aims of their research were therefore, firstly to garner an appraisal of whether this round of Objective 2 funding had achieved the particular aims that had been proposed to the Commission in the SPD: notably whether there had been visible employment creation and whether completed infrastructural projects were taking place. Secondly, and in conjunction with the first aim, they sought ‘to review the development, capacity and practice of the partnership principle in this particular sub-region with the overall view of assessing the extent to which the aims of developing institutional capacity and partnerships form a key part of EU regional policy objectives’ (2001:105).
The Humber sub-region is characterised by a history of complex political and economic developments where the main consequence has been an economic and political divide between Yorkshire to the north bank, and Lincolnshire to the south. The Humber sub-region, as it is now known, is constituted by ‘by a single tier system of four unitary authorities: the East Riding of Yorkshire, Kingston-upon-Hull, North East Lincolnshire and North Lincolnshire’ (Gibbs et al, 2001:108). Gibbs and his colleagues point out that the main legacy of the intricate historical development of the region as it stands today has been the Humber estuary which, for many years, comprised a territorial ‘barrier’ to effective north-south political/economic integration in the region.

A background of industrial decline and manufacturing loss forms the basis for the Humber sub-region’s eligibility for Objective 2 funding, where growth in the service sector has been inadequate in compensating for the above average levels of unemployment that now characterise the region. The principal aims behind the SPD drawn up for the 1994-96 Objective 2 bid, therefore sought to address a wholesale restructuring of the region away from its already declining base in heavy industry and manufacturing, and to assist in the move towards greater service sector employment. The aims of the SDP that was put in place were chiefly aimed at:

The development of a self-sustaining, strong and environmentally sustainable economy with a modern technological base and thriving SME sector, able to compete nationally and internationally and to generate good quality jobs for a workforce equipped with relevant skills, training and the creation of a pleasant environment in which to live and work (Yorkshire and Humberside SPD 1994:47).

As argued above, the main remit of the research undertaken by Gibbs et al was to assess the dynamics of existing partnerships in the region, to assess the extent to which different groups and organisations were integrated and to solicit a range of views from the participants on how they saw the delivery and implementation of the SDP. The researchers
conducted a range of qualitative interviews with a wide selection of the partners involved, including: the European officers responsible for the four local authorities in the area; members of the Area Advisory Group (AAG); local authority officers; the private sector and, finally; community and voluntary groups.

What they found was a fragmented system, dominated, initially by the Government Office for Yorkshire and Humberside and then, subsequently, local authority actors and *their* ideas of project delivery and implementation. Added to this, the research team found that the traditional Humber Estuary divide was being reproduced at local authority level where differing ideas on north/south development created political fragmentation and a barrier to effective partnership working at this level of implementation. The significance of this, as the researchers point out, is that the SDP was created for the wider region of Yorkshire and Humberside, which meant that broad co-operation, was a vital in regard to effective decision-making and implementation of the funds. One such respondent in their research argued that;

> The institutional changes – the reform of local government – [worked] against us. People worked against us. People were jockeying for position – nobody knew exactly who was working for which authority...a very complicated situation to try to co-ordinate...it did tend to fragment a fair bit into the different localities (AAG member, local authority representative) (Gibbs *et al*, 2001:112).

Gibbs and his colleagues also discovered that, lower down the process there was a ‘minimalist’ approach to facilitating partnership and engaging local actors in the region outside of the decision-making structures that were already in place. Here, there was much evidence to suggest that many of the private, voluntary and community groups were *marginalized* in the process, remained relatively excluded from consultation and the political culture that was in place ‘did not encourage grassroots participation and projects which actually met a local need or demand’. Ultimately, the researchers argue that ‘much
of the Objective 2 programme for this period was dominated by a small elite of local authority officers acting for the specific interests of areas within the sub-region' (Gibbs et al, 2001: 115).

In conclusion, Gibbs et al argue that, while the notion of developing 'institutional capacity' has been a principle policy aim of the structural fund reforms, the research in this instance found little evidence of partnership working and strategic policy integration taking place. The influence of local authorities and sectoral interests and prejudices tended to dominate proceedings at the expense of partnership building, and innovation from both the private and voluntary sectors was noticeable by its absence. In summary, they argue that by concentrating on the political infrastructures that allegedly constitute 'successful' regions in the EU, advocates of a direct link between 'institutional capacity' – and a one dimensional idea of what this is – and regional economic performance inherently, misses 'the structures, mechanisms and events that actually constitute these 'informal' processes in different places' (2001:116).

Economic, social and political change and the structural funds in post-devolution Wales

The case made in favour of devolution to Wales was largely a democratic one. The establishment of the Assembly was intended to promote a more responsive, directly accountable and democratic government in Wales and to supersede the 'quango state'. Furthermore, the development of a framework based upon collective decisions was seen as critical for encouraging private economic activity to thrive (Bache and Bristow, 2003:413).

The emphasis on the centrality of enabling the optimum conditions through which to facilitate institutional capacity as a prerequisite for regional development within the context of European integration, also informs the most recent stage of European funding in west Wales and the Valleys.
Thompson (1999) argues that, particularly with the advent of devolution in 1999 informing an increased sense of optimism concerning the potential for Wales to flourish into one of the leading regional economies in the EU, a number of studies (Osmond and Morgan, 1995; Alden 1996; Lovering 1998, 1999), suggest that the present reality remains that it is one of the weaker economic areas within the EU. Thompson illustrates this argument by pointing out that, since the early 1970s, the region has been a beneficiary of EU funding, principally from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In particular, he points out that between 1988 and 1993, Wales received almost £300 million of European funding. The next round of negotiations, he adds, resulted in the further delivery of approximately £430 million in EU funding aid into Wales, adding up to an overall total of £1 billion by the year 2000. In the present day, the securing of Objective 1 for the period 2000-2006 has signalled a further potential investment of £1.2 billion (Royles, 2003).

Two of the most significant developments in this situation, came about in 1999, when the establishment of the Welsh Assembly Government (WAG) coincided with the securing of Objective 1 status for West Wales and the Valleys. Here a European Task Force that had been set up under the old Welsh Office leadership of Ron Davies, and comprising a coalition of politicians and academics, were successful in lobbying the Commission to agree to a redrawing of the lines of eligibility – the so-called NUTS (Nomenclature of Territorial Units for Statistics) 2 classification – significantly altering funding eligibility for these areas. The motives behind this activity were mobilized, primarily, in order to address the issues in what had for a long time been acknowledged as constituting some of the most deprived areas in the UK. The principal argument proposed was that the original NUTS 1 classification compiled by Eurostat had had the principal effect of 'concealing'
large areas in the Valleys and in West Wales, where low GDP indicators were subsumed within higher levels of GDP performance: principally along the eastern end of the M4 corridor and also within north-east Wales. This proposed division along east-west lines constituted a significantly new area of structural programming that would combine both urban/industrial and rural areas that were previously being addressed through separate programmes.

Bachtler points to the significance of these developments:

The West Wales and the Valleys programme (1.5 billion euros) now constitutes the largest of the UK Objective 1 programmes, with 35% of the total allocation, followed by Merseyside (1.3 million euros) and South Yorkshire (1.1 billion euros). Overall, the UK Objective 1 programmes have been allocated structural funds of 6.5 billion euros, representing about 5% of the EU's total Objective 1 budget. On a per capita basis, West Wales and the Valleys is receiving 993 euros per person in the eligible area, considerably higher than the UK average although somewhat less than Cornwall and the Isles of Scilly which is receiving the greatest allocation per capita (Bachtler, 2003:33).

These developments have excited many commentators who have perceived these developments as further evidence of the increasing capacity of regional and local actors in Wales to have greater input into both European and national decision-making tiers, and also to exert more autonomy over their own indigenous development. It is also clear that the creation of a more accountable political institution through the advent of the WAG, offers a greater measure of transparency and accountability to the process than may previously have been the case. Indeed, as Bachtler (2003:39) argues, 'with the possible exception of Northern Ireland, no other UK programme has experienced this degree of politicization of the structural funds'. Royles (2003:131) in fact points out that the securing of the Objective 1 programme has had the effect of providing the newly created Assembly with a unique opportunity to demonstrate that it can play a substantial part in helping to define and develop Wales' economic future.
The coming of Objective 1: poverty and social exclusion in Wales

Adamson (1999:41) has argued that ‘poverty is no stranger to Welsh society, where images of hunger-marching miners during the great depression of the early 1930s have become a symbol of the poverty that has punctuated the modernization process in the UK, but particularly Wales’. He points out that Wales, along with the rest of Britain, was able to benefit from the post-war economic boom, where the simultaneous introduction of universalized welfare provision in the 50s and 1960s began to address much of the absolute and relative poverty that existed in the UK. However, this long period of relative economic and social stability began to change – signposted by the oil hikes of 1973 – problematizing the nationally conceived accumulation strategies that had stabilized this particular political, social and economic order. These wider, global economic reverberations had a particularly devastating effect upon economic and social well being in Wales. As he explains:

A deepening economic crisis characterised the British economy from the early 1970s onwards. The primary effect of inflation and a collapsing economy was the creation of a high level of unemployment. The ditching of Keynesian economic strategy by the Conservative government, elected in 1979, heralded the political acceptance of a high rate of unemployment as the price to pay for reducing the rate of inflation. This policy shift was acutely felt in Wales where traditional industries, such as steel making and mining, were among the first to succumb to the mass redundancies of the 1980s. Significantly, the rate of unemployment in Wales increased by 1983 to twice the British average and remained there throughout the 1990s (Adamson, 1999:41).

Adamson suggests that perhaps the most significant aspect of these developments was the failure of the Conservative governments that oversaw these economic and social changes, to acknowledge the structural implications of the picture that was now emerging. As he argues, ‘rather than recognise the direct link between the collapse of the economic environment in Wales, and the increased levels of deprivation that were being observed, the UK government refused to acknowledge the marked increases in poverty that were taking place’ (1999:42). So, throughout these macro-economic transitions, and while
unemployment has continued to increase. As Adamson asserts, the welfare system and benefits have not kept pace with changing economic and social conditions. These two developments, in particular, have led to problems of structural poverty and social exclusion in many parts of West Wales and the Valleys.

The social picture today

In March 2000, the Welsh Assembly Government produced a wide-ranging analysis of poverty in Wales. Titled *Mapping Social Exclusion in Wales* (WAG, 2000), its main findings concluded that:

- Four-fifths of the land in Wales is designated as 'less favoured areas' by the European Commission;
- More than one in four people of working age are deemed economically inactive – the highest at 35% in Merthyr Tydfil and 34% in Blaenau Gwent;
- The GDP of workers in Wales is on average 18% lower than the EU average;
- In the Central Valleys workers earn 64% of the EU average;
- Around 16% of the Welsh population are suffering from long-term illness or disability. In Merthyr the figure is 22%;
- 50% of 11 year olds in Wales fail to reach expected figures in core subjects. 62% in Blaenau Gwent;
- In 1997, 22% of people of working age in Wales had no qualifications, 37% in Merthyr, and 33% in Blaenau Gwent. (Compared with 18% in England).
- 46% of working age people had received no training in the year to August 1998;
- More than 50% of all households in Wales have an annual income of less than £10,000;
- More than half the households in Rhondda Cynon Taff, Merthyr Tydfil and Swansea have no savings;
Across Wales, 39.6% of people have never saved (hence lack of mobility);

20% of Welsh people now claim housing benefit.

(Welsh Assembly Government, 2000).

As Day (2002:260) concludes: 'the latest surveys of the Welsh economy remind us that Wales is one of the poorest regions of mainland Britain, competing for the bottom rung of the ladder with the north and north-east of England, and generally doing less well than Scotland'.

**Objective 1 in Wales: what does it mean?**

The Single Programming Document that was finally agreed in March 1999 revolved around seven basic priorities, each of which then divided into a number of different measures:

**Priority 1: Expanding and developing the small and medium-sized enterprise (SME) base:** To generate wealth and employment for the region by supporting the growth of the SME sector.

**Measures:**

1.1 Financial support for SMEs

1.2 Promoting entrepreneurship and increasing the birth rate of SMEs

1.3 Developing competitive SMEs

1.4 Promoting adaptability and entrepreneurship

1.5 Providing sites and premises for SMEs
**Priority 2: Developing innovation and the knowledge based economy:** To improve the competitiveness of the region through the acquisition and use of knowledge and new technologies.

**Measures:**

2.1 Information and Communication Technology Infrastructure (ICT)

2.2 To stimulate and support demand for ICT

2.3 Support for the development of innovation and research and development

2.4 Skills for innovation and technology

2.5 Clean energy sector developments

**Priority 3: Community economic regeneration:** To combat social exclusion by targeting local, community based action on the most deprived communities to increase skills and employability. Provide greater access to more diverse opportunities and to improve conditions for businesses.

**Measures:**

3.1 Community action for social inclusion

3.2 Partnership and community capacity building

3.3 Regeneration of deprived areas through community led action

3.4 Support for the creation and development of businesses in the social economy

**Priority 4: Developing people:** To develop the skills and employability of people living or working in the area, particularly those who are in any way disadvantaged.

**Measures:**

4.1 Preventative and active labour market measures

4.2 Social inclusion
4.3 Lifetime learning for all
4.4 Improving the learning system
4.5 Improving the participation of women in the labour market
4.6 Anticipation and analysis of skills needed

Priority 5: Rural development and the sustainable use of natural resources: To combine a healthy well managed environment with economic productivity and viability

Measures:
5.1 Processing and marketing of agricultural products
5.2 Training services to help farming adapt and diversify
5.3 Forestry
5.4 Promoting the adaptation and development of rural areas
5.5 Investment in agricultural holdings
5.6 Promoting local economic development
5.7 A sustainable countryside: enhancement and protection of the natural environment and countryside management
5.8 Support for the recreational opportunities and management of the natural environment
5.9 Support for fisheries and aquaculture

Priority 6: Strategic infrastructure investment: To secure additional investment and employment for the less developed parts of the region by promoting area based business investment supported by key infrastructure improvements

Measures:
6.1 Accessibility and transport
6.2 Energy infrastructure
6.3 Strategic employment sites

6.4 Environmental infrastructure

**Priority 7:** To ensure efficient management of the programme.

**Measures:**

7.1 Promoting effective programme management
7.2 Promoting effective programme management
7.3 Raising awareness of the programme and Research
7.4 Raising awareness of the programme and research

(Wales European Funding Office, 2001: 6-7).

From these priorities, the primary aims of the programme can be summarised as: the creation of jobs and realistic employment prospects; skill enhancement and a learning culture; environmental issues; the facilitation of business performance and finally, to address social exclusion and poverty. Thus, the SDP that gained approval from the Commission in 2000 translated these aims into three headline objectives:

- To contribute to boosting per capita GDP in West Wales and the Valleys (to 78% of the UK average by 2006);
- To help towards the National Economic Development Strategy’s (NEDS) goal of creating 72,000 new jobs (net);
- To contribute to meeting the NEDS target of reducing economic inactivity (i.e. people of working age not in employment) by 53,000 by 2006 (Wales European Funding Office, 2001:7).
The different kinds of funding that characterises the 2000-2000 Objective 1 programme can be broken down into four different funding pots. Each of these is accessed according to requirements and aims of the different priorities:

As with all the regions, throughout the EU that are recipients of Objective 1, Bachtler (2003) argues that the basic, strategic aim is to transform the ‘base’ of economic development and enhance the prospects of regional performance in the global economy. While the aims of Objectives 2 and 3 reflect appropriately targeted measures for broadly the same issues, Objective 1 targets those regions in the EU that are the most underperforming in terms of GDP per capita. It is hoped that by reserving the largest slice of EU money for developing the potential of these areas, that economic performance and regional disparities can be closed or narrowed towards the EU average.

While, as argued above, Wales has historically been the beneficiary of different forms of funding from Europe from as far back as the late 1970s, it has been argued that the opportunities presented by the arrival of Objective 1 in Wales are somewhat unique. Firstly, as Bachtler argues, ‘there was much more extensive consultation with partners and wider groups and organisations during the preparation of the Single Programming Document’ (Bachtler, 2003:35). Furthermore, he argues that the structural fund reforms which took place in 1988 set in motion a process whereby the ‘on the ground’ administration of European funding is now characterised by an ever increasing community of partners who are now better informed, more prepared and better organized, and are able to negotiate within more effective networks of communication. Bachtler suggests that there is now, discernibly, a greater and more thorough analysis of the particular needs and
requirements that are needed for effective policy implementation, where a wider number of groups and individuals can only enhance the effectiveness of this programming strategy.

**Implementing Objective 1 and the new programmes**

As Bachtler points out, 'the Objective 1, 2 and 3 programmes are administered by an executive agency of the WAG, the Wales European Funding Office (WEFO), with further operational procedure delegated to the partnerships that have been set up at both regional and local level. Funding is also delegated via partnership responsibilities, whereby match funding for instance is drawn from the appropriate source, such as the WAG, WEFO or the voluntary or private sector, in order to make up the total costing on successful project proposals. This most recent system of administration, he points out, has superseded previous arrangements where both the Wales European Programme Executive (WEPE) and the Welsh Office were the primary delegates who originally held greater control of the budget itself and also of the delivery mechanisms.

Bachtler suggests that the political administration charged with overseeing the structural funds in the present 2000-2006 period, have noticeably drawn lessons from the earlier experiences of other UK regions: notably from the 1994-1999 Merseyside Objective 1 experience. Academic research, notably from Evans (2002), suggests that more effective measures have been introduced in this particular Objective 1 programme in order to guard against the kind of issues that informed criticism – notably from the Commission – of previous regional and local administration of the funds in the UK where tendencies towards 'pork barrel' allocation, managerial and local authority domination, lack of accountability, and too much bureaucracy and over centralized administration strategies, had been some of the more obvious problems that the Commission were keen to address.
WEFO was established as recently as April 2000, and its principal aim has been to oversee and to provide overall co-ordination and strategy for the structural fund programmes in order to ensure that Wales is able to obtain the maximum benefit from them. As argued above however, the programmes are not administered exclusively by WEFO and administration is geared towards engaging the partnerships in the decision-making and delivery of the funds. As WEFO themselves have been keen to point out, the principal aim of this Objective 1 programme has been to promote partnership working throughout the region whereby tangible success can be measured in terms of high quality and integrated regeneration and economic development projects (WEFO, 2001).

Organising the partnerships

I do think that devolution creates a different kind of visibility for people. Partnerships in a devolved region, where the link to political representation is much closer, does make a difference. The high degree of commitment to partnership working at all levels, particularly in the Objective 1 programme, represents an up-front investment in time and effort that will pay off...and will build capacity for the long term (Auditor General for Wales, Second Report Objective 1 European Funding for Wales, 2002:21).

One of the most significant innovations developed as part of the Objective 1 Programme for West Wales and the Valleys, has been the augmentation of the three-thirds partnership principle. Originally mooted as one of the suggestions in the original SPD that was agreed, the three-thirds principle — whereby partnership configuration is primed to promote equal participation from the public sector, the private sector and civil society — seeks to visibly align with the idea of subsidiarity and the Commission’s intention to encourage a wider arena of debate and problem solving capacities in relevant policy domains. In this way, the ‘partnership’ principle promoted by the WAG, attempts to ‘ground’ the rules of inclusion in policy, whereby theoretically, no one group may dominate proceedings. In this way, it is hoped that the implementation of the funds themselves can become visibly effective at the local end of delivery, where thematic and strategic aims crosscut the
various tiers of partnership, informing a more democratic and open method of policy-
making.

The main partnership board, and the one that has been endowed with the principal
responsibility for the overall strategy for the Objective 1 Programme, is the Programme
Monitoring Committee (PMC). This partnership is chaired by an Assembly Member with
18 other members – six each from the three-thirds ruling on partnership composition. The
PMC holds overall responsibility for the Programme delivery and also takes the strategic
decisions relating to the allocation of the resources themselves.

Further down this organizational arrangement, the development of local partnerships is
another innovatory aspect of the new administration. There are fifteen local partnerships,
each one of which covers one local authority area. The main role of the local partnerships
is to identify, support and assist the development of the individual projects that are
submitted for consideration in the Programme. The local authority partnerships are:

**South East Wales:**

Blaenau Gwent
Bridgend
Caerphilly
Merthyr Tydfil
Rhonda Cynon Taff
Torfaen
South East Wales
Carmarthenshire
Neath Port Talbot
Pembrokeshire
Swansea
Ceredigion

North Wales
Gwynedd
Anglesey
Conwy
Denbighshire

The role of these local authority partnerships in the Objective 1 programme are principally geared towards:

- Developing and reviewing local strategies or action plans so as to target Objective 1 resources to local areas of need and opportunity;
- Monitoring the ongoing progress in implementing the strategies themselves and identifying gaps in provision;
- Assisting applicants in developing projects that will best deliver the objectives of strategies and;
- Promoting the programme locally (WEFO, 2001).

The local authority based partnerships are then further augmented by regionally based partnerships, which deal with the thematic areas of the programme. Communication
between these two levels of partnership takes place in order to integrate geographical needs with the overall, thematic content of the SPD. Again, the regionally based partnerships and their thematic remit are outlined by WEFO, along with their leading partner:

**Human Resource Development:**
HRD European Unit/Education and Learning Wales (ELWa) – National Council

**Community Regeneration:**
Wales Council for Voluntary Action (WCVA)

**Agri-Food:** Welsh Development Agency (WDA)

**Forestry, Countryside and Coastal Management:** The Forestry Commission

**Business Support:** WDA

**Entrepreneurship:** WDA

**Innovation and Research and Development:** WDA

**Information Age:** WDA

**Tourism:** Wales Tourist Board (WTB)

**Strategic Infrastructure:** Welsh Development Agency (Clarke, 2003:42).
The overall aims of the regional partnerships are to:

- Develop a regional strategy for the use of Objective 1 monies to add value to national policy within their area of expertise;
- Assist, where appropriate, with project development;
- Assess and recommend projects to the strategy partnerships;
- Identify gaps in provision;
- Liaise with local partnerships on project assessment and development (WEFO, 2001).

**Community economic regeneration: linking the local with the social consequences of modernization**

More than any other sector perhaps, it was civil society organisations that were to be the main beneficiaries of this new dawn. Given the immense practical and symbolic importance of the Objective 1 programme for West Wales and the Valleys, the extent of civil society involvement in the programme provides a good test of the degree to which the rhetoric is reflected in reality (Royles, 2004:101).

Although the seven priorities of the Objective 1 programme in Wales are all interlinked to a greater or lesser extent, it is perhaps Priority 3 of the programme that comes closest to illustrating the innovatory principles behind the structural fund reforms (Royles, 2004) where greater community involvement and specific measures targeted specifically at community regeneration have been seen as the keys in addressing policy issues such as social exclusion. Interestingly, in a WEFO sponsored audit of the progress and achievements this far into the programme, it was Priority 3 that revealed some of the concerns in the mid-way point of the programme including a low take-up of projects and a comparative under-spend in relation to the other measures in the programme (Benfield, 2003; Burns, 2003; CRG, 2003).
Graham Benfield, chairman of the WCVA argues that for many community groups and organisations, 'Objective 1 is not happening in terms of easy access and sustainable funding sources' (Benfield, 2003:46). He suggests that while the concept of partnership is quite rightly the course of action to be pursued regarding Objective 1 in general, and community regeneration in particular, there are a number of issues that need to be addressed if the aims of wider political engagement and the effective utilization of local knowledge are to be realized in policy.

In his consultations with organisations that were at the sharp end of community programmes in West Wales and the Valleys, Benfield found that many of these groups and individuals wanted:

- More effective community participation in the delivery of Objective 1;
- Access to comprehensive advice and assistance so that they can participate, draw up and implement their proposals;
- High-quality consultation processes to ensure that the widest possible range of groups are able to participate in the programme;
- The process made easier, in particular a simplification of the application procedure;
- Dedicated funding routes to maximize the availability and accessibility of domestic funds for match funding to support local projects that meet locally identified needs
- Technical assistance to support organisations' involvement in the programme (Benfield, 2003:45).

Firstly, Benfield argues that the application process is highly bureaucratic and is a particularly difficult initial obstacle for many of the groups and projects that submit under Priority 3. Considering the procedures that needed to be addressed in order to submit a
successful project application, he points out that over a thousand pages of guidance papers and notes must first be read and understood before the pro-forma application document. A regional application – fourteen local action plans – he asserts, requires another two hundred and fifty pages and another thirty pages for the final regional plan. Boland (2004:262) points out in fact that there often appears to be ‘apathy and a cynicism from community and voluntary organisations, who are often put off by the complexity and bureaucracy that accompanies the Objective 1 process’. Benfield suggests that, faced with these procedures, it is hardly surprising that there have been so few applications under Priority 3 due to the bureaucracy and specialist language demanded by the Objective 1 documentation.

While there are a number of support services and help lines designed to aid this process, he found that many third sector organisations had experienced this as rather haphazard, with information sources varying according to which channel was used. Illustratively, he points out that many of the groups with which he had spoken had often been given the wrong information, and he cites one particular example where: ‘an applicant was told they needed a full blown business plan for a £50,000 ESF project when quite clearly they did not’ (Benfield, 2003:47).

Many of these issues were also confirmed in a joint research project that was carried out in 2003 between Newidiem, Cardiff University, County Voluntary Councils and the WCVA http://www.wcva.org.uk/imagesclient/europe/library/The%20voluntary%sector%20and %Objective%201%20(ES).pdf which was aimed at exploring the qualitative experiences of the third sector in the community development measures of the programme. Utilizing qualitative interviews and focus group discussions with a range of community and
voluntary organisations who had been involved with the programme, it was found that one of the barriers to effective engagement for the sector was felt to be a lack of pre-existing capacity for many groups in being able to ‘successfully prepare, manage, monitor and implement an application and manage a successful Objective 1 project’ (2003:8). It was also considered by many from the sector to be a hugely competitive field where organisations who were already well networked and had a greater understanding of the process, such as the larger voluntary groups and quasi-governmental bodies, were more likely to be successful in the bidding process. There was also perceived to be a lack of flexibility within the programme through which to accommodate the particular needs of smaller capacity organisations in regard to procuring European funds.

Benfield argues that applicants from the third sector, who were successful in negotiating the initial stages of the process, still faced a number of barriers before being able to oversee a successful project. The new emphasis on partnership working has not always been seen as facilitative for the third sector in these respects (Benfield, 2003; Burns, 2003; CRG, 2003; Midmore, 2003). Boland (2004:263) has argued that, very often, the local authorities have tended to dominated the locally based partnerships while the regional partnerships have tended to be driven principally by the WDA – which oversees six. It is here that the partnership approach often appears to work against the principle of cooperation that it seeks to promote in rhetoric. Very often Benfield argues that this arrangement has so far tended to work against the needs of smaller capacity organisations.

The issue of match funding has been a particular concern within the partnership structure where there has often been ‘a confusion over the roles, responsibilities and relationships between the various partnerships’ (Boland, 2004:263). From his own research, Benfield
has argued that, when approached for guidance on Assembly budgets regarding the availability of match funding, both the Assembly and WEFO have often been perceived as unhelpful to third sector participants. Again, many participating community and voluntary organisations have pointed out that there was often little flexibility between project applications in Priority 3 and available money that could be used to match fund. Considerable time delays have often occurred in this area according to Benfield, and many worthy projects in the first half of the programme had failed to materialize, or had been subject to delays, over a perceived lack of communication between the relevant agencies and the third sector to both find and provide match funding.

Benfield points out that often when projects have got through these stages, the groups and organizations involved then have to prepare a full application which may be thirty pages in length for a further appraisal by WEFO. Benfield points out that this can then bring other issues to the surface, which must be answered by the applicant. Having got to this stage, WEFO will then consult and make recommendations to the strategy partnership for final approval. He points out that this process has been known to take anything up to nine months and even longer. Given this state of affairs, he suggests, it is no wonder that there are a low number of projects from community organisations. He argues that the system at present is inherently unsuited to facilitating the needs of the sector, where the bureaucracy involved is geared towards favouring those who have the capital and resources to compete on these terms.

Benfield argues that partnerships are the way forward but qualifies this statement by arguing that the present system needs to be changed if a true ‘three-thirds’ principle is to be realized. ‘An equal membership’, he suggests, ‘does not necessarily translate into an equal
partnership' (Benfield, 2003:49). In order to help make Objective 1 work for the community and voluntary groups, and to make Priority 3 a more effective and a more realistic strategy, he points out that there is a need:

- To develop a clear protocol for working that distinguishes between the roles of the membership and the role of the secretariat;
- To look at technical assistance and how a wide range of organizations, not just lead bodies, can access it;
- To develop projects and schemes that make the process of access clearer and that stimulate demand from community organizations through activities like pre-matched key funds;
- To look at what works and what does not – in particular noting that many of these initiatives need to be developed and delivered by the organizations that fully understand the needs of voluntary and community groups (Benfield, 2003:50).

There has also been a concern over low programme participation from the private sector where, as German (2003:59) argues, the programme needs to be more facilitative of all sectors and much more receptive of 'the innate strengths and specific capabilities of each'. As Boland concludes:

Given such issues, questions have arisen over whether the most appropriate expertise is being used on the partnerships. The key question here is whether the partnerships in their current form are genuine in the sense that all stakeholders have an equal say and are able to influence policy debate and decision-making (Boland, 2004:264).

The lexicon of devolution: rhetoric or reality?

As K. O. Morgan (1999:212) has pointed out, 'the establishment of the National Assembly in May 1999 was an historic achievement in that it gave Wales its own executive forum for
the first time in six centuries’. As argued earlier, the advent of devolution has ushered in a period of expectation, often accompanied by a guarded cynicism, as to how the form and content of this new political configuration will play out. Hain has expressed a few of these expectations:

The [pre-devolution] old British state – quintessentially centralised, elitist and secretive – is being dismantled. It was not so much a British as an English state, defined above all by hostility to regional or local autonomy. Devolution is absolutely fundamental to its transformation. Wales’s National Assembly, Scotland’s Parliament and Northern Ireland’s Assembly allow Britain to be reconstituted into a modern, pluralistic state, with diversity and decentralisation celebrated not suppressed (Hain, 1999:20).

Perhaps the fundamental rationale driving the arguments in favour of devolution has been that centralised government from Westminster did not necessarily align with the social, cultural and economic specificities of the Welsh region. As McAllister (2000:39) points out, prior to devolution, ‘the Welsh Office was part of a process of territorial decentralization within the UK with its structure modelled on existing Whitehall ministries’. As she concludes, ‘in its operations the Welsh Office was closely integrated with, and constrained by, central government priorities’. As argued in the previous section, this situation was never more apparent than in the late 1980s where dissatisfaction with Conservative Party policy and its economic and social effects on the region, was coupled with the fact that the party had not even gained a significant share of the vote in Wales. As Chaney et al (2001:5) have argued, it was in this period that ‘Labour policy for devolution began to take shape and gather momentum. It built on a growing sense of grievance across Wales (and particularly the industrialised south-east) that the interests of Wales were not recognised by the government whose mandate, based on votes cast in England, was surely questionable’.

Therefore, one of the fundamental aims behind the advent of the Welsh Assembly Government has been to address this ‘democratic deficit’ and to augment a more inclusive
system of governance, informed more clearly by an ongoing process of local checks and balances. As McAllister points out, this aim has not been without its difficulties, not least due to the fact that devolution to Wales so far has been based upon an executive political framework as opposed to the greater legislative basis characteristic of the model in Scotland. Hazell (2003:22) argues that this has illustrated a number of the shortcomings of the devolution settlement in Wales where continuing influence from Whitehall exerts a complex influence on proceedings meaning that ‘priorities often lie in supporting the interests of the UK Government, and not those of the National Assembly’. However, as McAllister suggests, while the Welsh Assembly Government is currently characterised by this ‘system of limited executive devolution, and while the Assembly’s powers are seemingly modest, they have the potential for wider application as well as for incremental accumulation in the future’ (2000:40).

In this way the Government of Wales Bill (2005) has been seen as important in ensuring ‘progression’ in the devolution settlement and further movement towards a political settlement characterised by greater decision-making autonomy and a more ‘localised’ framework for policy. A result of the Richard Commission’s work in providing an overview of ‘the powers and electoral arrangements of the National Assembly in order to ensure that it is able to operate in the best interests of the people of Wales’ (Welsh Labour Party and Welsh Liberal Democratic Party, 2000. Cited in McAllister, 2004:129), the Government of Wales Bill has been seen as a significant step forward in giving the Welsh Assembly Government further freedom from the constraints of Whitehall and Westminster, greater regional autonomy in governance, and more powers through which to legislate and initiate policy-making.
Certainly the present and future accrual of powers to the WAG take place within a recognised need to address the significance of the particular social and economic issues that were illustrated earlier in this chapter. As Davies argued prior to devolution:

The case for the Welsh Assembly is as much about economic renewal as it is about political renewal. Constitutional reform is not about being diverted down a philosophical cul-de-sac; an elected Assembly is about daily realities, most crucially raising economic prosperity. An Assembly will only succeed if it can deliver a better quality of life and higher living standards (Davies, 1996:6).

Community Regeneration

Prior the 2005 Government of Wales Bill, there had already been signs that the WAG was becoming instrumental in facilitating the future development of ‘a clear red water approach to Welsh politics’ (Adamson, 2003:159) in certain policy areas. As Adamson (2003:159) has pointed out ‘Communities First was the Assembly Government’s first major ‘made in Wales’ policy’. Communities First is a good example of where devolution has been used to develop what Chaney (2006:11) has called a ‘horizontal (participatory) dimension to policy’, in this case to develop innovation through which to address social and economic regeneration in the region.

Healthcare

Healthcare has been another area where the WAG has sought to stamp its own identity. Chaney argues that budgetary rises for Health and Social Services also underline the WAG’s policy priorities. Increases in budgetary allocation in this area have not necessarily followed the Private Finance Initiatives more readily followed in England but have been more concerned with greater public sector responsibility for resource allocation targeted at those most in need. The new Dental Contract, for instance, has been designed ‘to improve patients’ access to dental services in order to solve the existing geographical variations in service provision that have been the source of much criticism’ (Chaney,
The reduction and eventual abolition of prescription charges has been another example of the particular policy avenue being followed by the WAG.

**Education and Lifelong Learning**

In his speech to the National Institute for Public Policy Research, First Minister Rhodri Morgan (2002) argued that WAG initiatives in the area of education provide another example of where devolution was providing 'clear red water' between Wales and England. Egan and James (2003:101) for instance, point to the significance of the Early Years policy which was based on 'research showing that involving children in schooling as early as possible produces the greatest gains in lifelong learning and educational achievement'. Here they argue that, in drawing on best practice, particularly from the Scandinavian education model and its links to social exclusion, the WAG has shown that it is prepared to draw widely on policy direction as well as locally. Furthermore, as Chaney has pointed out:

> Extensive law making is a notable aspect of the Assembly Government's education policy. In the latter part of 2005 no fewer than 58 Wales only laws featured in the list of education related statutory instruments presented to the Education and Lifelong Learning Committee at its October meeting alone. These varied in focus and included legislation on: student tuition fees; the Teacher Training Incentive Scheme, and amendments to existing Welsh law so as to include references to the new type of legal relationship created by the Civil Partnership Act 2004 (Chaney, 2006:17).

**Wales and Europe**

While tense debate over the budget settlement and follow up programme to the 2000-2006 structural fund period at the end of 2005 continued to illustrate the areas of tension in the multi-level governance structure, Royles (2006:61) points out that 'new relationships continue to be formed between Wales and the other devolved regions in Europe'. This coincides with the development of more direct lines of communication with the Commission itself.
The First Minister was in attendance at the 6th Annual Conference of Presidents of Regions with Legislative Powers (REGLEG) at the end of 2005 where, as Royles notes 'among matters discussed were issues of subsidiarity, the role of regions with legislative powers in the future construction of Europe, and cooperation with the Committee of the Regions (CoR)' (2006:63). In 2006 Wales will also assume the REGLEG presidency, despite the argument regarding 'the current extent that it is a region with legislative powers' (Royles, 2006:63). The WAG also has a Memorandum of understanding with both Latvia and Silesia and has been actively involved in the CoR’s Subsidiarity Monitoring Project where the aim has been to adopt a more influential role in monitoring Commission proposals’ impact on subsidiarity.

While the real power of regions to influence EU policy remains primarily through national legislature and decision-making channels, as Royles argues, ‘Wales’ relationship with Europe has changed and continues to change in view of devolution where Wales now sits at the top table of European regions’ (2006:65). As Scott (2003) points out, there are few devolved policies that are now insulated from the influence of the wider European context. As he argues, ‘it is vital therefore that the devolved administrations continue to play a central role in shaping UK Government policy towards EU legislative proposals and policy initiatives’ (2003:275). Within the context of the further devolvement of legislative powers, it is possible that the WAG can influence both EU and national policy structures through the context of its own particular regional agenda.
Summary

This chapter has explored various experiences of the structural funds within the context of the UK. Greater access to European funds, and Commission requirements have dictated that these be accompanied by a more bottom-up political engagement: informing an interesting backdrop to changes that were already beginning to occur within the realms of local government and increased regional mobilization. The so-called ‘economic miracle’ in the Irish Republic has been seen, in part, as confirmation of what can be achieved given this set of circumstances although some are sceptical in regard to the extent that this has been informed by EU funding and European instigated programming strategies. Moreover, in both Merseyside and on Yorkshire and Humberside, it is suggested that this kind of administration has been difficult to implement in a satisfactory way, and has brought with it a new set of problems that need to be addressed in regard to the new programming strategy. These issues have been particularly pertinent in Wales, the largest of the UK beneficiaries of Objective 1 funding. While the structural fund reforms and political devolution seem to have informed radical changes to the administration of the structural funds, it was suggested that more reforms are needed if the aims of the structural funds in Wales are to bring about any significant change. In particular, it was pointed out that the participation of community groups and organisations in Priority 3 remains marginal due to a number of issues that are currently working against the EU’s stated aims of reconciling economic efficiency with social needs.

It was pointed out that the advent of the Welsh Assembly Government has the potential to provide more of a local bolster against some of the more undesirable effects of global economic restructuring that have impacted upon it over the last thirty years or so. However, there are currently limitations as to how this can be done; not least due to the
fact that the devolution to Wales so far remains tied into an executive as opposed to a legislative model. However, it was argued in the last section that devolution itself is a ‘process’ and while it remains hampered by its primarily executive status, even within this capacity, it has shown innovation in many policy areas and the potential for further progress in addressing the particular needs of the region.

The empirical part of the thesis explores these issues in more depth, looking in particular to compare policy rhetoric with the qualitative experiences of third sector groups that have been involved in the community development parts of the 2000-2006 Objective 1 programme.
Chapter 5

Research Aims, Theory and Methods

Introduction
While the previous four chapters have been concerned with illustrating and exploring the current literature on the research topic, and were primarily drawn from an investigation of secondary source material, this chapter explores the application of these ideas and how they were applied to the more empirically based chapters that follow this section. The chapter will begin by explaining the underlying aims of the study and the reasons for both the theoretical starting point of the research and the methodological approach that was used. The next section of the chapter elaborates upon the methods by which the research itself was carried out and the final part explores the values, ethics and credibility of the research process that was employed. This will be backed up by an analysis of the moral and ethical issues that characterise this kind of research.

Aims of the research
The overarching aim of the study was to explore some of the changes and transitions in contemporary capitalist development. While there remains argument and debate as to whether we are in an era defined by ‘late capitalism’, ‘post-Fordism’, ‘disorganised capitalism’ or ‘reflexive modernity’, as was pointed out in the literature chapters, there has been a visible degree of change in the way that capitalism now operates and in the way that it plays a part in shaping contemporary society. In particular, reconciling the structuring properties of capitalism with issues such as social integration, a differentiating class system and the unequal distribution of material resources have been questions that have occupied commentators from the early readings of Marx, Weber and Durkheim. As Gough and
Olafsson (1999) point out, today these issues remain very much on the political agenda and remain central to policy initiatives, for example, within the European Commission and the European Union.

The argument formulated in the previous four chapters is informed by this debate where each chapter looks at different aspects of governance, economic management at the European level, and initiatives that have helped to shape the development of EU social policy, particularly since the mid-1980s. While EU rhetoric claims that the European social model is promoting the greater democratization of economic management, the working hypothesis for this thesis is that social integration has been defined primarily according to the market, instigating particular structuring effects. This hypothesis draws upon arguments proposed by writers such as Van Apeldoorn (2002) and Gill (2003) whereby the EU – itself an intrinsic part of global market shifts – is part of these changes where welfare state restructuring and the tighter grip of market forces on domestic fiscal policy can be traced in part, firstly to the SEA and then to subsequent Treaty revisions, which have posited completion of the single market at the heart of the integration process. In this way, Chapter Three looked more in depth at what some of the structuring factors may be in considering the consequences of EU policy initiatives and the ways in which particular ‘narratives’ frame concepts such as ‘cohesion’ and ‘European social model’. For instance, as Rumford (2000) points out, while the language that has been used to promote these ideas have often been couched within the discourse of a redistributive or social market meaning, a more critical evaluation of these ideas, he suggests, would start from a closer look at the ways in which the EU has seemingly constructed economic and social concerns within the confines of a particular market discourse, alongside their appropriate solutions. According to this argument, while EU rhetoric on the role of the European
social model, and also on concepts such as cohesion and social integration, may promote a specific agenda concerning ideas of equity and social justice, in reality the implementation and execution of these ideas may be promoting somewhat different outcomes. It was suggested that in exploring the significance – and the structuring influence of – concepts such as the New Regionalism and Governmentality theories to this scenario, it is possible to gain a better understanding on the policy relationship between the economic and the social. For instance, the central aim of the structural fund reforms has been the promotion of increased dialogue, widened participation and a greater acknowledgement of the importance of facilitating social agency as the principal methods through which to address the more unwanted effects of economic convergence. However, can these be considered to be realistic aims in a period that may be witnessing the development of a new set of structuring influences? Are these structures empowering the new social vision claimed to be informing the latest stage of integration, or are they merely the best ways through which to manage contemporary risk and social order according the structural requirements of the present regime of capital accumulation?

**Research design**

As argued above, the working hypothesis for this thesis is that social integration has been defined primarily according to the market, in theory initiating particular structuring effects on the beneficiaries of these policies and the consequent way in which the European social model is able to develop. The empirical part of the thesis then was to find out more about what these structuring effects might be and how they might relate to the ‘on the ground’ experiences of funding beneficiaries.
The main theoretical framework for the thesis is explained more fully in the next section. However, the ontological and epistemological positions of the research design itself are positioned within Giddens’ (1984) theory of ‘structuration’. Structuration, argues Giddens, is a way out of the dilemma on how it is possible to reconcile structure and agency in social science research. He points out that structuration takes account of the duality of human existence where each affects the other. Giddens suggests that the contemporary global age exemplifies the principles of structuration most clearly in that the essential rationality of the human agent now has a greater potential to self-realization, or self-actualisation within the possibilities provided by the new global information age.

One of the principal aims of the research then was to explore the new relationship between structure and agency within the framework of this research. If there has been a ‘freeing up’ of agency within contemporary social structures then what is the relationship between these two variables?

Thus, the main objective of the data collection was to gain insights and further clarification on the themes discussed in the early section of the thesis from politicians and civil servants, particularly on what they perceived as being the core characteristics and principal structuring influences of the European social model and then to compare these views with a number of case studies exploring the experiences and what I will call the social agency of third sector community groups and organisations that have been involved in the development of this area of EU policy. I was looking to elaborate on things such as changes that have occurred in the more traditional methods of regulating capitalism and how more devolved forms of European governance are playing ‘out on the ground’. I was particularly keen to gain some insight as to how developments in this area of policy are
developing in providing more effective solutions to the social problems of market convergence. While it is claimed that multi-level governance is characterised by a high degree of pluralism in regard to decision-making and greater access to channels of political engagement, is this new way of working now able to engage bottom-up solutions to market failure more effectively into EU policy than was previously the case?

Reliability

Reliability is concerned with the question of whether the results of a piece of research are repeatable. The qualitative methods employed were designed to tease out insights into the above propositions through case study interviews with those who have been involved in the local application of the funding process. Reliability was therefore not a central issue to the design of the project as the principal aim of the research was to contribute an understanding to human action and what that action may mean within a specific context. Quantitative research seeks to 'stabilise' meanings and the objects under study and this has always been a contentious issue in the social sciences, vis-à-vis how to 'measure' concepts such as 'poverty' or 'IQ levels' for instance. The 'structures' explored in the early part of the thesis are not necessarily objective and agreed concepts. Therefore, they form the starting point for the research and go on to form the exploratory hypotheses for the empirical part of the thesis. For instance, what do policy makers see as structures; are policy structures empowering or disempowering; and how are policy structures perceived by individuals and groups that engage with these particular areas of policy?
Replication

As Bryman (2001:30) points out, 'the idea of reliability is very close to another criterion of research – replication and more especially replicability'. Replication of this research would be difficult as interview questions, particularly interviews with third sector respondents, were not standardised and were designed to draw the data from the interviewees. While this research may offer important insights into the Objective 1 programme and insight into what the input has been from community groups and organisations, it would be difficult to apply the findings of this research to all Objective 1 designated areas, and consequently to generalize to the experiences of all community groups that have been involved in the programme. This research could be used as the starting point for a replicable piece of research. For instance, some of the findings could be used to formulate a more standardised questionnaire, which could be sent to all the projects in the Priority 3 measures. This could potentially enable a more representative sample of both geographical location and also of the different types of community organisations that have engaged in the programme. Aims towards this kind of representativeness would rely on a reasonable response rate however, bearing in mind the traditional difficulties in gaining such a sample from postal questionnaires (Blaxter et al, 1998).

Validity

Validity concerns whether the concepts that form the framework for the research actually measure what they say they are measuring. Related to reliability, can it be ascertained in this instance that the 'structures' explored the first part of the thesis have any kind of causal effect which can be measured and applied empirically? As argued above, the concepts used in this research have no 'real' or 'fixed' meanings that can be agreed upon.
As Seale (2001:99) has argued, ‘research questions are inevitably theoretically informed and we do need social theories to help us to address even quite basic issues in social research’. The theories explored in the first part of the thesis are used here as ‘sensitising devices’ through which to explore possible relationships and structuring effects in the data analysis section of the thesis. As a qualitative piece of research, the most important criteria here is adjudged to be its usefulness in informing insight into the relationship between particular policy structures and the different possibilities of agency response. Data analysis is not considered in terms of being absolute fact but more as part of a theory building approach.

**Theoretical underpinning of the research**

As argued above, the particular initiatives that have been formulated by the European Commission in the area of regional policy form the principal basis of what the Commission hope will facilitate ‘cohesion’, where economic and social concerns can be better reconciled through the establishment of more effective links between formal structures of governance and the networks of civil society. The line of reasoning developed from the literature chapters suggests that this is illustrative of the way in which the ‘European social model’ is being developed in order to supplement and manage the primacy of economic convergence. In addition to this, the advent of multi-level governance in this domain has been significant in the way in which it suggests the breakdown of the ‘Monnet method’, and a model of European integration that took the market and technocratic elitism as its fundamental frames of reference. As argued earlier, while the reinvigoration of the EU provided by the SEA has been driven by the imperatives of European capitalism, it was pointed out that one of the aims proposed by figures such as Delors was to balance this with the development of a ‘European social model’. The introduction of community regeneration measures to the Objective 1 programme has given particular credence to the
idea that European instigated social policy initiatives could be driven more by the aims of the European social model and a less ‘top-down’ approach in deciding the appropriate balance between economic and social concerns than was previously the case.

However, the principal debate developed in the first two chapters, points out that policy initiatives being developed in this area do not constitute a substantive, redistributive agenda within a traditional idea of social welfare. It was pointed out that the European social model that is being developed is one that is concerned fundamentally with facilitating the distribution of opportunities through an agenda that seeks to promote the principles of partnership, inclusiveness and dialogue.

As a counterargument to the above claims however, the overall research framework draws initially from a Gramscian theoretical perspective where it is argued that capitalist society is shaped by the dominance and coalition around particular ideas, the influence of particular kinds of agency, and the role and content of political ideology in informing socio-political structures. As an example, the first chapter considered the early influence of neo-functionalism as the political framework through which Monnet’s vision of a united Europe was able to exert hegemony on the early years of integration. Thus, decision-making was executed through the influence of a technocratic elite and the primarily economic agenda was notably insulated from wider debate. Thus, it is the influence and the consequence of particular ideas that forms the basis of this research, their reach into wider society, and how this ‘loop’ works in actuality. In this instance, while EU rhetoric in recent times has been concerned with concepts such as ‘governance’, ‘civil society’, ‘partnership working’ and ‘social integration’ as the political tools through which to promote a more democratized integration agenda, as argued in the earlier chapters, these
ideas are often characterised by ambiguity. The success of the search for 'cohesion' through the structural funds for example has been, according to commentators such as Barry and Begg (2003) and Rumford (2002), at best inconclusive and at worst ineffectual. One of the main reasons for this he argues is that the EU offers no coherent benchmark through which such a concept can be measured. They reason that the convergence of GDP indicators – as used at present in evaluating the 'success' of regional policy – is very often misleading as to what is actually being assessed. As Rumford suggested in Chapter Three, in order to engage more critically with the concept of cohesion, the ideas that constitute it, and ultimately why it may or may not be working, it is useful to begin by examining the kind of language and the 'narratives' that the EU use and, more importantly, the ways in which this discourse has been translated into policy. Rumford’s particular argument is that social integration will be brought about via the mechanism of the market, not to compensate for it.

So a more critical evaluation of the aims of the European social model he reasons, must start from a closer look at the ways in which the EU have seemingly constructed economic and social concerns within the confines of a particular discourse, alongside their appropriate solutions. Here the work of Fairclough (2000) and also Dean (1999:72) has been important in pointing out that very often 'there is a difference between the explicit rationalities of government and government rhetoric...and the more or less explicit logic of the practical application of these practices'. In other words, while EU rhetoric on what should be the principal drivers of social integration may promote a specific agenda concerning ideas of equity and social justice, in reality the execution of these ideas may be promoting somewhat different outcomes. This becomes important in consideration of the argument proposed by Barry and Begg (2003) who have garnered evidence to suggest that
regional disparities have *widened* over the last two decades, despite the political reforms and greater budgetary allocations that have been introduced in the last two decades. In this way, explicating frames of reference in policies that are said to promote 'cohesion' can become important in consideration of why they may or may not live up to the claims of the policy makers that implement them.

**The sample frame: collecting the data**

As well as illustrating how the sample frame was accessed, this section explains the theoretical context within which these choices were made. As argued above, the aim was to construct the sample frame to reflect as many areas of the *multi-level governance* framework in regard to the political relationship between EU and Wales as possible. The interviews took place over a period of nineteen months from October 2003 to May 2005. A list of the thirty-four interviewees that made up the sample and their roles and activities in this framework are as follows:

**European Commission (4 interviews).**

- National coordinator for social exclusion, DG Employment and Social Affairs
- Department for State Aid, DG Competition
- Evaluation Officer for DG Regional Policy
- Desk Officer for Wales, DG Regional Policy

**Assembly Ministers/Members (2 interviews).**

- Assembly Minister
- Deputy Assembly Minister (Former Objective 1 Monitoring Committee member also).
Community organisations and regeneration groups (12 interviews).

- Community Regeneration organisations (5 interviews)
- Youth and community group organisations (2 interviews)
- Crime and crime prevention in the community (1 interview)
- Drugs projects and drug support groups (2 interviews)
- Mental health support groups (1 interview)
- Social economy/voluntary organisation (1 interview)

Local Authority and Regeneration and Resource representatives (4 interviews)

- Local authority interviewees (1 interview)
- County Regeneration and Resource representatives (3 interviews)

County Voluntary Council representatives (3 interviews)

- Individual interviews (2 interviews)
- Focus group (1 interview)

Welsh Development Agency (WDA) (2 interviews)

- Individual interviews (2 interviews)

Welsh European Funding Office (WEFO) (1 interview)

- Individual interviews (1 interview)

Objective 1 Programme Monitoring Committee (PMC) (1 interview)

- Business sector representative (1 interviewee)
Wales Council for Voluntary Action (WCVA) (2 interviews)

- Individual interviews (1 interview then 2\textsuperscript{nd} interview with same person followed up 15 months later)

Community Regeneration Academic Researchers (2 interviews)

- Individual interviews (two interviews)

Local Politician (1 interview)

- Individual interview (1 interview)

A 'snowball' technique was used to gain the sample for the initial stage of the research – through an initial source from the University's European department – and to find the details through which to contact officials from DG Regional Policy and DG Employment and Social Affairs. This lead saved a lot of time tracking potential interviewees and ones that were relevant to this part of the fieldwork. This person had good links with two of the departments where information was sought and was also able to recommend a contact e-mail address in DG Competition. As the European Commission can often be difficult to gain access to, this technique justifies itself in the words of Seale and Filmer (2001:139) who argue that 'this method can be a very helpful way of gaining access to people who, without such personal contact, might otherwise refuse to be interviewed'. This was actually pointed out by this contact who suggested that use of his name would be extremely helpful when instigating communication with the Commission where they knew him. Contact with the two names he suggested in DG Regional Policy and DG Employment and Social Affairs – the two directly relevant departments for the research – enabled two more names in DG Regional Evaluation and DG Competition. These
interviews took several months to arrange where expense and time became a consideration in trying to arrange all interviews to take place within a reasonable time period and within the budget that was allowed. As pointed out above, DG Regional Policy and DG Employment and Social Affairs were the two Directorates that were directly related to the research and were the ones most closely involved with the issues that were being explored. Access to the regional division of DG Competition was also useful as this department has increasing influence in areas such as the structural funds through state aid issues and also as an opportunity to triangulate views from the other three departments on certain themes such as how the different departments saw themselves as contributing to 'cohesion'. Regular contact with interviewees was maintained leading up to the arranged appointments and, through this informal relationship it also became possible to arrange another interview on the same week with a policy evaluation officer from DG Regional policy.

Wales, as an agreed European regional boundary, a beneficiary of structural funding and Objective 1, and the new programming strategy required by the Commission, provided the contextual situation for the next part of the data collection. Into this equation, it was considered at the beginning that the fairly recent granting of Objective 1 status would provide a fairly recent area of study, where 'cohesion issues' being formulated and addressed at the European level such as unemployment, and social and economic regeneration have also been framed within political devolution and the advent of the WAG. The WAG itself has instigated a greater role for civil society in the policy process and has also signified a more direct regional engagement with the EU as opposed to with central government. Thus, Wales fulfilled the criteria of being an EU region in receipt of European funds while, in addition, transformations in the internal political structure – both through regional political restructuring and the 'partnership' criteria demanded by the
Commission – provided a chance to also gauge the impact of these changes alongside the implementation and delivery of EU regional policy in this area.

The research covered seven unitary local authority areas: Blaunau Gwent; Cardiff; Carmarthenshire; Merthyr Tydfil; Rhondda Cynon-Taff; Swansea; and Torfaen. Attempts to contact potential interviewees in other areas were unsuccessful. While by no means comprehensive in regard to the fact that there are eighteen of the twenty-two local authority areas covered by Objective 1, the research sample was not intended to be geographically representative in this way, focusing more instead on the depth and substance of the interview data. While not an Objective 1 area, the inclusion of Cardiff reflects the fact that some projects have still been developed here.

What is civil society? How can it be researched?

One of the first problems encountered after obtaining the interviews from the European Commission was how to select a sample of civil society organisations and indeed how to come to some sort of definition of how third sector activity would gauged for the research. As with theories of European integration, there is no consensus on the concept of ‘civil society’ and what it has come to mean in any practical sense. Despite being a much-vaunted concept in recent times by both politicians and academics alike, civil society remains fairly ambiguous and difficult to pin down as a concrete frame of reference. Different interpretations have included: Putnam’s (1993) ideas on economic development and facilitating social capital and civic participation in an era marked by political uncertainty; Giddens’ (1998) exploration of the ‘third way’ and the importance of engaging the third sector and ‘lay knowledge’ into contemporary politics; the work of Beck (1997) and the emphasis on the greater role of ‘sub-politics’ in regulating ‘risk’ and the
unforeseen consequences of late modernity; and others, such as Etzioni (1995), who suggest that a healthy civil society is now measured by a communitarian demand for greater rights and responsibilities.

Depending on the context in which it is used, all of these issues will inform the use of the term to a greater or lesser extent. This whole debate is furthermore framed by evidence to suggest the emergence of new forms of civil society (Webster, 2001), driven by economic and social change on a global scale; of which technological innovation and the possibilities provided by the information society provide the central area of debate. So, drawing from this argument, perhaps the biggest qualitative difference in the contemporary usage of the term seems to be the greater emphasis its current status seems to place on 'political opportunity' and the widening of political participation at institutional level. Particularly in the context of the alleged 'crisis' within the modernist relationship between political representation and political legitimacy, many academics and politicians suggest that civil society may provide some of the answers to political legitimacy and more effective governance in the contemporary era. This argument has become particularly pertinent in regard to the democratic legitimacy of the EU and the future direction of European integration, where Edwards and Gaventa (2001) point out that:

> The primary assumption underlying the EU’s interest in civil society is that potentially, it has the capacity to broaden democratic practice by creating additional channels for popular participation, accountability, consultation and debate. Theoretically therefore, civil society holds the promise of improving both quality of governance and also levels of popular support (Edwards & Gaventa, 2001:5).

So, while in many ways civil society remains a fairly abstract concept, it could be argued that its current usage has been instrumental in raising important issues, namely to do with political representation, who makes the decisions, what decisions are being made, and for whom. While there has been a visible commitment to connect with this sphere of political
activity, the EU itself offers no concrete definition of civil society. Perhaps the closest attempt was one proposed by the Economic and Social Committee *vis-à-vis* ‘the collective term for all types of social action, by individuals or groups, which do not emanate from the state and are not run by it’ (EcoSoc, 1999). Recent documentation such as 2001’s *White Paper on Governance*, while acknowledging the importance of grassroots engagement, has been characteristic in its lack of a clear definition of civil society.

Bearing in mind this lack of consensus, this part of the research took as its starting point some of the ideas drawn from above discussion and the more recent literature on the topic. In other words, concepts such as ‘widened political participation’, ‘policy inclusion’ and ‘social dialogue’ are taken as being integral in examining the reach and measure of civil society in the contemporary age. Certainly, in regard to the implementation of Objective 1, as with all the structural fund reforms that have been implemented since 1988, the appropriation and engagement with local knowledge has been highlighted by the Commission as being central to this process, where local individuals and groups have been encouraged to play a leading role in addressing the aims and objectives of EU regional policy and a greater part in the political and economic governance of the Union. As has already been argued, increased participation and the promotion of greater dialogue in key policy areas such as social exclusion is seen by the Commission as integral to the evolution of the European social model and its formal recognition could be recognised as far back as the Maastricht Treaty in 1991, where the concept of ‘subsidiarity’ proposed that policy measures, such as those covered by the structural funds, should be initiated and implemented as close to the citizen as possible. Likewise, the Lisbon Agenda instigated ‘social dialogue’ as one of the cornerstones of the direction of European integration into the 21st Century.
Therefore a working definition of civil society for the purposes of this research was defined as groups and organisations who are active in community regeneration issues in a number of Objective 1 designated areas in south Wales and, even more specifically, those groups and individuals who have contributed or been involved in the Priority 3 parts of the programme, and to a lesser extent Priority 4. Both these measures come within the community regeneration measures in the Objective 1 2000-2006 programme where the aim has been to involve those groups that engage directly in with the issues that led to the granting of Objective 1 status within the communities in which they reside. This particular definition of the activities of the third sector provided a working definition of civil society for the purposes of this research and something more concrete to study. Community groups and third sector organisations working within the Priority 3 and Priority 4 measures would hypothetically be the ones holding local knowledge of the kinds of issues that characterise the socially and economically disadvantaged areas in which they operated. While the concept of ‘local knowledge’ may well be another ambiguous term in regards to a European Union understanding, a range of groups were contacted that were active within what they considered to be the core social issues in their communities. This idea can be grounded furthermore within reference to writers such as Byrne (2002) and Lister (2004) and the idea of social exclusion as a multi-faceted model in explaining the complexities involved in issues of economic and social marginalisation. Groups and individuals were interviewed that were involved in drug and alcohol issues, health projects, capacity building projects, youth workers and life-long learning initiatives. Many of these groups dealt with multiple issues in their particular locales, reflecting the acknowledged complexities underpinning economic and social marginalisation in these communities. Adopting this definition also enabled a readily available sample frame in the shape of the
WEFO website on the 3 European funding programmes which lists all successful projects along with contact details and a brief description of the projects themselves.

Another sample frame was also obtained from the Community Regeneration unit in the University for another research project that had taken place, which detailed e-mail addresses and the name of the person responsible for overall coordination of a large number of community projects across Wales that had accessed money under ERDF and ESF measures. These were the two sample frames that provided the initial contact details for the community group interviews that took place. Again, as with the essentially quantitative evaluation and implementation methods adopted by the public bodies charged with the budgetary responsibility and administration for the structural funds, the argument here was that the qualitative nature of the study provided a good counterbalance to much of the existing research that has been conducted on civil society and third sector activity in Wales which has generally tended towards a more quantitative stance in both approach and aims (Hodgson, 2002:2); being more about ‘informing of the extent of voluntary action and how many groups and organisations exist’ rather than exploring the depth and substance of civil society per se.

The final sample that would be used for this part of the research was accessed by phoning and e-mailing as many of the groups on the two sample frames as possible. This method of sampling is known as purposive sampling where, instead of employing random methods, as Denzin and Lincoln (2000:370) point out, ‘researchers seek out groups, settings and individuals where the processes being studies are most likely to occur’. While this method of sampling cannot be considered to be necessarily representative of the target population, again, the qualitative nature of the study made this less of an important consideration.
There is always a danger with purposive sampling that the research will be 'lop sided' in regard to a particular variable or variables. For instance, individuals representing groups who have particular grievances against the system may be more likely to take part in the research than those who haven't or there may be a gender bias in the sample. However, the difficulties in trying to get people involved in the interviewing process meant that, on the whole, it was felt that the best option was to go with the individuals who were willing to take part, making it difficult to stratify the sample beyond the target population. The limitations to this method included only being able to contact one local authority representative who held the lead role on one of the projects and just one from the private sector. The first problem was addressed by contacting several local authorities but no one could be tied down to an interview within the period in which the research was carried out. A more representative sample would therefore have ideally included a few more interviews from both these sectors.

Despite these limitations however, it was still felt that the purposive method was the most suitable option for the research. Self-completion questionnaires to all or most of the groups on the two sample frames were also a possibility but, as Mangione (1995) points out, response rates to these are often poor, there can be no probing or prompting, and it is difficult to elaborate beyond the structure of the questions. The practicalities of the research also made the purposive method a more workable and realistic methodological consideration given the time frame for the data collection and also in regard to the project aims overall. As argued above, the practicalities of the data collection were that, in many cases, this was a long and laborious task as many of the individuals were often not there or were unavailable at the time of the phone call. E-mails were often ignored and the telephone was invariably used to make initial contact. The person did not get back to when
details were left in which instance they were contacted again, sometimes several times.

Interviews could often take months to set up and the process usually involved setting up
two or three within the same time period when it became apparent that deadlines were
looming. Bearing in mind these difficulties, interviewees' recommendations were
enormously helpful in complementing the use of the two sample frames to set up
interviews, through further utilization of the 'snowball' method. Again there is always a
danger here as Arber (2001:63) argues that, 'it usually only includes those within a
connected network of individuals', and may therefore be biased. The problem pointed out
by Arber can also be seen as the biggest strength of the snowball method however, where a
'connected network' can introduce the researcher to others within the network who may
not have been known or contacted otherwise. Again, as with setting up the European
interviews, use of the person who had given me the name of the contact was usually very
helpful. Through use of the 'snowball' technique, it was also possible to access two
groups that had been turned down for funding from this part of the programme, making it
possible to gain insights which would not have been possible otherwise as there is no
official record kept of unsuccessful bids or failed projects. As argued above, the aim in
this part of the research was to gain insight and to explore the subjective, contextual
experiences of groups and individuals that have been involved in the policy process in
order to expose some of the material, practical and discursive challenges faced by people
who are arguably the least well placed to engage with or challenge policy structures. It
was also hoped that a better understanding of what 'local knowledge' is would emerge
from this part of the data collection, again in order to compare this with civil servants'
views and policy rhetoric – both from the EU and from the Assembly – and to examine and
possibly explain the 'fit' between the policy makers point of view and perceptions at the
'grassroots' level.
Methodology

Qualitative methods utilize a range of techniques that are designed to explore what Hakim (2000:34) describes as 'the frameworks within which individuals and groups make sense of and interpret their subjective experiences'. Methods employed in this kind of research are designed to tease out the various patterns or attitudes that may emerge in different settings or contexts. Therefore the principal tools used in this kind of research tend to utilize methods such as observation, participant observation, intensive individual interviews and focus group interviews; in short any methods that will help to foster a better understanding of the interview subjects and they way in which they make sense of their surroundings.

Although the methodology for this piece of research was formed in respect of the above observations, the intention was still to aim for a fairly representative sample: particularly one that reflected Hooghe and Marks’ theoretical (2001) multi-level governance model. As pointed out in the preceding chapters, this ideal typical framework argues that contemporary European integration occurs between different levels of governance and decision-making networks where policy is negotiated between different actors, particularly in areas such as the structural funds. As argued, the important thing to consider here is that the principal aim of the European social model has been to stimulate dialogue and to promote greater engagement with the networks of civil society, particularly in areas such as the structural funds. As they argue, the EU structural funds have become illustrative of the mobilization of multi-level governance as a problem-solving device, which is able to draw upon a range of actors in policy formulation and implementation, thus illustrating the democratization of EU decision-making. In this way, the primarily qualitative design of the research was utilized to gain subjective data from those who are engaged with the
policy process themselves and to put these experiences into some kind of theoretical context vis-à-vis the themes developed in the literature chapters.

The benefits in utilizing a qualitatively conceived methodological framework for this project become evident when considering the output driven nature of policies such as Objective 1 (Boland, 2004). Thus, while successful projects for the Priority 3 part of the programme are systematically catalogued on the WEFO website alongside continuous updates on the financial figures for the programme measures, there is a case for arguing that this does not tell the whole picture as to what is going on. While it would be fair to say that this has been acknowledged by the WAG and WEFO to a certain degree, where documented efforts such as the Mid-Term Evaluation (CEG, 2003) and a 2003 study from Cardiff University have been aimed at balancing this situation somewhat with more triangulated research, this study has tried to provide even more substance than these efforts and, more importantly, to locate them within wider theoretical and sociological issues. For instance, while WEFO website documentation may tell the observer that x amount of projects have been funded by the Priority 3 framework, who the lead partner is and a little about the projects themselves, this there is a strong case for arguing that this research has been aimed primarily at quantifying the experiences of the community groups and organisations that have engaged with the programme. Thus while the official cataloguing system can provide the figures for a rather more simplistic cause and effect evaluation, it does not tell the whole story about the direct experiences of the people who take part in the programme and how much flexibility exists through which to facilitate effective third sector engagement. Thus, for example, while both the Mid-Term Evaluation and the Cardiff University research project were helpful in identifying some of the barriers to community group participation in Priority 3, there was no attempt to locate these barriers
within a more theoretical understanding or debate around why these issues should be relevant. This research explores the argument that it may be useful to begin with a consideration of the structuring influences of the market as the primary framework through which to view these experiences.

Another important factor to consider in relation to the above is the fact that there is no official record kept of groups and organisations that have been unsuccessful in applying for funding from the Objective 1 programme. Thus, there is no real evaluation of the particular experiences of these organisations and of the issues that they may have brought to the process other than from the points scoring system used in the partnership evaluations. Thus in utilizing the flexibility of a more qualitative research design it was possible to track the efforts of two community organisations that were unsuccessful in applying for money within the Priority 3 measures and provide some analysis on what their experiences were in these respects.

In this way, the empirical part of the research was formed roughly in accordance with the layout of the preceding chapter findings and the dominant themes through which these were developed: that is, contacts with European officials were the initial links that were followed in order to develop an 'inductive' approach to the issues that were to be explored in the empirical sections. The aim here was to begin to open up the debate more fully around issues such as 'what is European governance'; 'what do you understand by the term cohesion'; 'what is the European social model' and 'in what ways has European integration changed from the days of Monnet era elitism?' The idea here was try to unpack the essential ambiguity of these concepts through some of the theories that were introduced in the first part of the thesis, hopefully informing a clearer understanding of what the
European social model actually means from the people who are involved in the
formulation and implementation of policy. As argued above, this then formed a more
structured framework for interviews, which then explored the experiences of funding
beneficiaries.

The use of open-ended interviews in qualitative research
Silverman argues that in using qualitative interviewing as a method for data collection, it is
important to acknowledge what status will be attached to the data. By this he suggests that
the important methodological issues to consider are:

Whether interview responses are to be treated as giving direct access to 'experience' or as
actively constructed 'narratives' involving activities which themselves demand analysis.
Both positions are entirely justified but the position taken will need to be justified and
explained (Silverman, 2005:48).

The approach assumed in this research adopts the latter approach in arguing that the
'narratives' which are produced where 'we open up for analysis the culturally rich methods
through which interviewers and interviewees, in concert, generate plausible accounts of the
world' (Silverman, 2005:154). Thus, this approach sought to build upon the theoretical
approach employed in the previous chapters in exploring the meanings behind the various
narratives and discourses that have characterised European policy initiatives, both from
policy makers and those involved with policy and those who directly experience the effects
of policy. In this way, interviews with community groups and organisations were drawn
from a more constructionist approach and then analysed within the framework of some of
the themes developed in the earlier chapters and the issues discussed with EU officials and
civil servants. The more structured themes that were looked to be developed from the
policy makers points of view were:
To gain some first hand data on the Commission’s views on the advent of governance in the EU. What – if anything – has changed in recent years in relation to these claims?

What is/should be the role of civil society in contributing to European integration?

How are the more devolved structural funds are able to make a greater contribution to facilitating economic and social governance?

To gain a greater understanding on what the European Commission see as the ‘European social model and how the revamped structural funds are able to contribute to this;

What does local knowledge, and the greater input of civil society, contribute to European integration?

What are the main social issues that characterise the Objective 1 designated areas in Wales?

What has the funding process been like for community groups and organisations?

Has the Objective 1 process been effective in being able to connect the issues identified by grassroots organisations in policy?

What have been the barriers to effective participation in the programme in regard to specific groups and issues?

While interviews with Commission officials and those involved in policy administration were more tightly based around the ‘structural’ themes discussed above, interviews with community organisations and those who were more involved with the local end of the funding process were designed to augment as much ‘undirected’ data as possible. The significance in utilizing a methodological approach that will facilitate undirected data has been pointed out by Hall (1997:3) who reminds us that, ultimately ‘only people can give meaning to objects, events and processes’. The constructivist approach draws from
theorists such as Berger and Luckmann (1966) and the more recent work of Hacking (1999) in stressing the contingent or open-ended nature of social and political processes especially those seen as 'fixed'. The themes developed in the earlier chapters suggested that the development of the European social model was influenced by a particular neo-liberal policy direction, illustrating Hay’s (2002:201) argument that, 'particular constructions may serve to present a 'reality' which is static, immutable or inexorably unfolding in a given direction, but the recognition of the constructed nature of the reality we perceive implies that things could and can be different'. So while the narrative of European social policy may present methods and ideas of doing things in a certain way, the idea was to examine the possibly competing narratives of those on the receiving end of the funding process in order to explore whether policy structures are compatible with the social and political agency of third sector community groups. Therefore, it was hoped that the in approaching the data analysis in this way, it would enable some insight into both policy 'structures' and how these are experienced 'on the ground'.

These methods also provided the possibility to refine and reflect upon the interview process as the 19 months of interviewing unfolded. In the pilot study – an interview that was intended for use in refining and formulating the main themes that were to be the starting point for the research – for instance, the interviewee sat and talked for an hour and it was difficult to ask any of the questions! Other interviewees later on in the research looked to the interviewer for guidance and responded much better to being asked specific questions to which they could then elaborate. Some interviews – those with representatives from community groups and organisations in particular – tended to veer from being fairly linear to moments where the interviewee would begin to elaborate on what they believed to be important points. Using 'verbal prompts' where appropriate such
as ‘tell me more’ would then encourage this, or maybe paraphrasing and feeding back to
the interviewee what he/she had just said. Some kind of rapport was also important here.
Several interviews did not actually move out of ‘asking the formal questions’ stage until
body language and tone of voice showed that the interviewee felt more comfortable in
talking about their experiences or certain topics. Of course, this did not always happen.
The interview conducted in the European Commission with the representative for DG
Competition was structured very tightly around the questions asked and never really
moved beyond a formal interview setting and ‘the party line’. Many of the interviews that
took place with representatives from community organisations, however, would invariably
begin to develop around a particular theme that cropped up near the beginning or towards
the middle of the interview. At the data analysis point this proved to be particularly useful
for putting data into files according to the dominant themes that developed during the
course of the interviews.

Semi-structured and non-directive interviews as a way of exploring the ‘inner worlds’
of social groups

While this project could not be regarded as ethnographic research per se, as Shore (2000:7)
argues in his study of the European Commission, some understanding of social settings or
‘habitus’ requires ‘a commitment to ‘being there’ in the presence of the people one is
studying in order to evaluate what they actually do, as opposed to what they say they do’.
Thus the interviewers own presence in all interviews, apart from one e-mail interview and
one telephone interview, enabled study of settings and environments in which interviews
took place as well as enabling notes on body language where appropriate and the
interactions which occurred between interviewer and interviewee. This method was also
used when attending two partnership meetings on project appraisal and to view the social
dynamics that structure these meetings such as the social status, for instance, of panel members. Katz (1997) has pointed out that:

If the status of a group or practice as deviant provides a firm warrant for ethnographic research, then so too, for related reasons, does the self-proclaimed or imputed status of a group or practice as elite – especially powerful, charismatically inspired, possessing a rare sensibility, or otherwise worthy of great deference. Getting "behind the scenes" is a compelling basis for inquiry whether the challenging distance is created by dread and deviousness or by respectability and a privileged insularity (Katz, 1997:400).

In the above statement, Katz suggests that ethnographic research is the best way through which to explore the 'inner worlds' of social groups. As he points out, while much of this research has invariably been those groups described as 'deviant', there is a special case through which to consider 'elites' within much the same way. Katz goes on to argue that:

The problem may be especially severe with elite or charismatic groups because they claim a moral autonomy, a special knowledge (e.g. medical, legal, scientific) or a special sensibility (e.g. religious, artistic) that cannot be reduced to conventional dimensions of social life (Katz, 1997:402).

This is especially true of the EU. As much of the first chapter was at pains to point out, much of the rhetoric emanating from the Commission in recent years has come, at least in part, as a reaction to accusations of 'unaccountable elitism', 'Brussels bureaucrats' and a 'democratic deficit' in decision-making. Thus, while the Commission claim that the EU is no longer defined in this way, what had actually changed. What did the rhetoric actually mean to individuals working within the Commission?

In regard to some of the points raised in this section, another method of data collection was used at certain points. Four seminars were attended that were given by EU and WAG representatives where a pre-written question was taken along. Thus it was possible to expand on some of the more 'structured' questions that had been asked Commission officials on issues such as 'governance', the European social model', 'in what ways was
the EU now more open and democratic' and also some more specific questions on
Europe’s relationship with Wales.

As argued above, it is perhaps Priority 3, community regeneration that provides one of the
best illustrations of the EU’s objectives in regards to the aims that define much of the
rhetorical claims for the content and direction of the European social model. In Priority 3
in particular, the central aim is to engage those groups and individuals in civil society that
are involved in grassroots community regeneration activities in the policy process itself. In
Priority 3, it is especially the case where local knowledge gained from the third sector is
seen as *prerequisitional* in helping to construct projects and schemes that would promote
the economic and social development of some of the most deprived communities in Wales.
So, as such, this particular part of the Objective 1 programme provides a good example of
how communication takes place between the EU and civil society in an area where the
social and the economic meet, providing the conditions for a constructivist exploration of
where they crosscut.

**From structured to unstructured interviewing: what does it mean?**

May (1994:92) identifies a typology of four interviewing styles that each reflects the
different theoretical and methodological positions that may be adopted by the researcher
and these are:

- *Structured interviews*
- *The semi-structured interview*
- *The unstructured interview*
- *Group interviews*
These interviewing methods can be thought of as a continuum from the controlled standardised characterisation of the structured interview to the relatively uncontrolled nature of focus group interviewing. The interviewing technique that was employed incorporated, to varying degrees, aspects of the semi-structured and unstructured interviewing techniques of which the one focus group interview was particularly illustrative of the open-endedness of this kind of data collection method.

The limitations of utilizing a purely standardised interview approach have already been discussed in regard to the kind of data that was explored. While structured interviews would have given a standardised format to the research, enabling fairly clear comparisons across data, the fact that interviews were carried out from across the different strata of a multi-level governance structure made this difficult, if not impossible anyway. It was felt for instance that questions needed to be couched 'appropriately' to the individual and their role, and who was being interviewed. It was hypothesised for example that individuals from the European Commission and the WAG for example, would be far more likely to understand the EU 'jargon' that typifies much of European and, to a lesser extent, local policy. At Commission and WAG level it was 'appropriate' to ask questions on, for instance, the Lisbon Strategy or on 'cohesion' objectives, although some interviewees from community groups and organisations were informed in some of these issues. These people were far more likely to understand the wider and contextual issues of policy than those in the third sector. Here discretion was used alongside a 'reflexive' awareness of the particular circumstances in which the interviews took place and how an interview was evolving, in order to maintain an awareness of the depth and line of questioning that was needed. This was where an open and flexible interviewing schedule was important.
In accord with May's continuum of structured to unstructured approaches to interviewing within a qualitative approach, interviews with European civil servants, Assembly Ministers and local authority figures were more structured than the interviews with representatives from community organisations. This confirms Bryman's (2001:312) point that, in relation to unstructured and semi-structured interviewing methods there invariably lay 'a wide range of interviews with varying degrees of structure between them'. Interviews with civil servants and politicians then were more likely to be asked at least a few specific questions on policy and the wider political and sociological contexts in which policy takes place. Interviews with individuals from community groups were approached from within the aforementioned constructivist approach with less emphasis upon a structured set of questions: particularly theoretical questions.

As argued earlier, while interviews with Commission officials and Assembly civil servants were more structured and more geared to exploring the wider and contextual ideas underpinning 'policy narrative', interviews with representatives from community groups and organisations were much more primed to exploring their experiences, and how they themselves made sense of these experiences, within the context of these narratives. As May (1994:105) points out, this type of research is particularly useful for exploring the ways in which 'people negotiate their roles or performances in particular contexts. Data can then be analysed and compared in order to understand better the ways in which people go about their daily lives'. Interviewees from this part of the data collection were more likely to be encouraged to express what they themselves saw as relevant and important. As May points out, these experiences can be compared to explore similarities and differences between the groups and individuals being studied. These similarities and differences can then be grouped under headings providing the context for the data analysis,
which in this case consisted of the dominant themes explored in the literature chapters. While this kind of research has been criticised for being too subjective, May argues that comparisons of data can provide a measure of objectivity by way of cross referencing other similar interviews as can the observations made by the interviewee in the interview setting. In this way, body language was observed and noted in all interviews where things such as closed body language and tone of voice could be compared to what was actually said by the interviewee in order to identify congruence or discrepancy.

As argued above, while this line of interviewing has been criticised by some as too subjective, the sheer flexibility of a constructivist approach was an undoubted strength in this project due to several reasons. Particularly in regard to the 'peculiarities' of the Objective 1 programme in Wales and the way in which the partnership structure itself is very new and is in many ways a still unfolding, developing political process. It is argued that the best way to try to discern what was and is happening in these regards was to adopt the inductive approach best utilized in the interviewing technique adopted here. Many of the roles in the new partnership structure are constantly changing as the WAG, Commission and civil society seek to refine and improve upon the operation of the structure that has been put in place. In fact, this confusion of roles at times was a criticism from the third sector where they argued that they often felt that they didn’t know who they should be dealing with in the statutory sector in regard to partnership support in the bidding process. Following a constructivist approach also helped to clarify the roles adopted by local authorities and CVCs as this patently differed within different local authority boundary areas. The partnership approach as it stands today was introduced to better meet the stipulations laid down by the Commission as part of the revamp of the structural funds, but it is quite clear that partnerships have developed at their own pace,
have been shaped by the contextual circumstances and according to the more informal political processes already in place. Therefore, it was found to be useful to start the interview with a verbal clarification as to the exact role of the person being interviewed. This was also found to be useful to the interviewee in clarifying and pulling the focus around as to what they were there for. This initial clarification was also supplementary to reading up beforehand where possible on the individual and/or organisational activities in order to show some knowledge of the organisation and demonstrate this if needed during the actual interview.

The use of focus groups in qualitative research

The focus group method is an interview with several people on a specific topic or issue. It has been used extensively in market research but has only relatively recently made inroads into social research (Bryman, 2001:335).

In regard to the above argument regarding the continuum from structured to unstructured interviewing, the use of focus groups is potentially the most 'uncontrolled' interviewing situation and the other end of the continuum described by May. There was only one focus group used in the data collection where the board of a CVC kindly agreed to facilitate a focus group interview. Bryman suggests that the use of focus groups in qualitative research can enable the following:

- That people who are known to have had a certain experience could be interviewed in a relatively unstructured way about that experience;
- The technique allows the researcher to develop an understanding about why people feel the way they do. A focus group approach offers the opportunity of allowing people to probe each other's reasons for holding a certain view. They may argue, disagree or challenge each others views;
• In focus groups participants are able to bring to the fore issues in relation to a topic that they deem to be important and significant: even more so than in the individual interview scenario;

• The focus group offers the researcher the opportunity to study the ways in which individuals construct and make sense of a phenomenon and construct meanings around it within the pretext that social phenomena is not undertaken by individuals in isolation from each other. Instead, it is something that occurs in interaction and discussion with others. It emphasises group interaction, which is a part of everyday life (Bryman, 2001:338).

The interest and usefulness to the aims of the research in using this particular CVC were that their particular role had evolved largely due to participation in the European funding process. They now had a much higher profile, they argued, due to the fact that the particular local authority in that area had given up some of its power base as the primary conduit through which funding streams had been coordinated with the third sector. While during the course of the research, several individuals from various CVCs were interviewed, none of them had such a central role in the funding process with the third sector. This was certainly interesting in the light of interviews with those community organisations who had been critical of the role of the local authority in their area, some of whom had described the high profile of the local authorities in the process as ‘unhelpful’ and ‘another layer of bureaucracy’. This focus group interview enabled greater elaboration on what this particular CVC was doing that was different from the local authority and in what ways their higher profile in their area was more enabling for community organisations seeking to access money for the sector. The researcher’s role in the interview was as a ‘moderator’:
that is, a few questions were fed in, which were then debated amongst the five members of the focus group.

Clearly one of the biggest benefits in using focus groups in qualitative research is that it holds the potential to be able to explore ‘research questions in which meanings are jointly constructed’ (Bryman, 2001:349). In relation to this and the above points raised by Bryman about the benefits in using this kind of research, there are a number of criticisms that have been aimed at the use of focus groups:

- The researcher probably has less control over proceedings than with the individual interview. By no means all researchers see this as necessarily a bad thing. However, the question of ‘control’ raises issues for researchers of how far they can allow a focus group to ‘take over’ the running of proceedings;

- The data can be difficult to analyse. A huge amount of data can be very quickly produced. Developing a strategy of analysis that incorporates both themes in what people in what people say and patterns of interaction is not easy;

- They can be difficult to organise. Not only do you have to secure the agreement of people to participate in your study, you have to persuade them to turn up at a particular time;

- The recordings are probably more time-consuming to transcribe than equivalent recordings of individual interviews, because of variations in voice pitch and the need to take account of who says what;
• There are the possible problems of group effects. This includes the obvious problem of dealing with reticent speakers and with those who may 'hog' the stage.

• Madriz (2000) proposes that there are circumstances when focus groups may not be appropriate because of their potential for causing discomfort among participants. When such discomfort might arise, individual interviews are likely to be preferable (Bryman, 2001:349-350).

**Using telephone and e-mail interviews in qualitative research**

Research that utilizes qualitative methods can draw upon a variety of data collection techniques. This is especially true in more recent years where technology has enabled greater innovation through things such as mobile phones and e-mail. In addition to the above methods of data collection, the research also included one telephone interview and one e-mail interview. The telephone interview was aborted and this method was not subsequently used. The main problem in this method of interviewing, and recalling some of the nuances of qualitative methodology as a research approach, very often communication is embodied within a range of interpersonal dynamics. For instance, a large part of a face-to-face interview is that the interviewer is able to observe the person's body language and the gestures that they use to convey meaning. In fact, it was this telephone interview that enabled greater reflection on the strengths of the conventional interview method. Another reason why telephone interviewing was not used again was that it is difficult to make notes at the same time as holding a telephone. While there are devices that enable conversation to be recorded, the whole thing felt like an artificial situation where the 'ebb and flow' of interpersonal communication is absent. Perhaps the
main reason that this particular interview was not used however was the fact that the person – who works for a local authority – was unable to answer many of the questions that she was asked!

E-mail was invaluable in setting up many of the interviews, particularly the ones with the European Commission where this was the most convenient form of communication. E-mails were also sent out to many of the community organisations on the two sampling frames that were used. Only one or two of these replied however, so it was found that persistence over the phone was the best method to use rather than wait (usually in vain) for an e-mail reply.

One e-mail interview was conducted during the course of the research with a member of a local authority when it proved difficult to pin this person down to a face-to-face interview. Again, this interview did not really contribute anything to the data collection. The interview was set up to gain information on a community project that had failed and, back to the limitations of structured questions in this kind of research, it was felt that the interview did not contribute anything new to earlier interviews on the situation. A face-to-face interview may have been more productive although this is difficult to say for sure.

**Recording the interviews**

All interviews were tape recorded apart from the telephone interview, the e-mail interview and two of the ‘formal’ interviews. Two of the individuals interviewed in the European Commission were unhappy about use of a tape recorder, as they were concerned about being misquoted. These two occasions were instances where the flexibility of the researcher is essential. The interviews had to be written up as the interview progressed.
This was certainly not easy, as the interviewer had to try and ‘stay with’ the interviewee while writing up as much of the interview as possible. At the end of these two interviews I the write up had to be checked in order to fill in the bits remembered that had been left out. This was also true for interviews, which had finished, and the tape recorder had been switched off. Some of the after-interview chats gleaned invaluable data that had not been anticipated during the interview itself. After all interviews notes were made on things such as body language and things that were said before or after the interview. One particular interview had to be reconvened when the interviewer forgot to press the record key on the tape recorder!

**Analysing the data**

As has already been argued, the empirical chapters were developed with the express aim of interweaving theory and data. As Silverman points out,

> Without a theory, such phenomena as ‘death’, ‘tribes’ and ‘families’ cannot be understood. In this sense, without a theory there is nothing to research. So theory provides a footing for considering the world, separate from, yet about, that world (Silverman, 2005:99).

While there are now sophisticated computer packages that have been developed in order to analyse qualitative data such as ‘NUD*IST’, ‘ETHNOGRAPHY’ and ‘CAQDAS’, it was decided that the best way to approach this was to look for ‘themes’ or ‘issues’ that developed out of the interviews manually. In this way familiarity with the interviews could be utilized – they were all transcribed by the researcher – alongside the overall impression that had been gained from both the interviews and in reflecting through the transcriptions. The structure of the analysis took this form:

- Transcription of the data;
- Reading through data several times and making notes;
• Taking particular notes of core themes and issues as they emerged;
• Using computer files to ‘bank’ themes together under particular headings;
• Revising files and updating information where appropriate.

The empirical chapters were developed in accord with the kind of themes that had evolved out of the literature chapters. For instance, the first empirical chapter was based upon the themes that had been developed in the first chapter regarding changes in European governance and the development of the European ‘social model’. This is where the content of ‘policy narratives’ introduced in the first and second chapters was explored empirically through interviews primarily with the European Commission and through interviews with Assembly Ministers (AMs) and local government. The next three chapters were then developed around the interviews conducted with community organisations, CVCs and local authority officers on the most salient issues in regard to the engagement of civil society into the policy process. As already argued, the principal aim behind the data analysis was to build up a picture of how this process is viewed from the policy makers perspective and then to provide some insight into how the ideological content of these policies is then experienced by the third sector groups involved in the process of obtaining European funding. For instance, did they feel that the EU and the local governing bodies that were charged with local administration of the funds were listening them to? What was their input? What were the barriers that they faced in the process? In this way, one of the aims in mind for the data analysis was to utilize the constructivist methodological approach in comparing expert knowledge with lay knowledge: an area that has been explored by sociologists such as Wynne (1998). Therefore, these chapters looked at ‘partnerships’, ‘bureaucracy’ and the concept of ‘capacity building’: all areas identified by the community
groups that were interviewed as being problems for the third sector in the relevant parts of the Objective 1 programme.

As Silverman points out, while analysis of qualitative data may sometimes be accused of 'naïve realism' (2005:192) discussions with colleagues during the various stages of drafting the thesis made it possible to gain feedback and a degree of triangulation on both theory and data and the ways in which they were written up in the finished project. Papers presented from my thesis at a number of European and UK conferences were also a useful way of gaining feedback on the research as it progressed.

**Ethical considerations in qualitative research**

Giddens (1991) argues that sociological research is 'reflexive': that is, it may feed back into social life in one form or another. In these regards, social scientists must be aware of the implications of ethical issues such as these, especially when researching marginalised groups, deviant sub-cultures or indeed 'elite' groups. The British Sociological Association has sought to clarify a number of these issues for researchers where part of the guidelines state:

> Members have a responsibility both to safeguard the proper interests of those involved in or affected by their work, and to report their findings accurately and truthfully. They need to consider the effects of their involvement and the consequences of their work or its misuse for those they study and other interested parties (British Sociological Association, 2002).

There were certainly areas in this research where ethical issues influenced the development of interviews. Two representatives of the European Commission were unhappy about the researcher recording their interviews because they had heard stories about the misuse of such data. The researcher has to abide by these requests as of course, however inconvenient. The political sensitivity of the area that was researched was often
particularly apparent in interviews with third sector community organisations and with CVCs. The researcher was often informed that such is the political nature of the structural funds and the process through which they are disseminated by the partnerships that, particularly individuals in the third sector, have to be careful in what they say in case they upset their chances of funding and support in the future. Sitting in on a couple of partnership meetings where projects in the Priority 3 measures were discussed, the researcher was asked to leave the room while the projects were scored. Interviews were always started with the interviewer stressing the confidentiality of the data and the anonymity of the interviewee. Pretty well all interviewees were happy to go along with this. Some wanted transcripts of the interviews – which were sent – and some wanted quotes to be sent to them so they could okay their use in the context in which they would be put.

Many of the views from interviewees, particularly from community groups, were fairly critical of the structural fund process for the third sector. One individual even feared that his computer could be bugged at any time, as he had been vociferous in challenging the local authority. The researcher came across some very sensitive areas during the research and all names of individuals, organisations and even areas remain confidential and anonymous.

**Summary: the importance of ‘reflexivity’ in qualitative research**

Alexander argues that:

'Reflexivity' denotes a style of research whereby one addresses how the research process affects the results. It requires precision about the analytical methods and data collection procedures used, and emphasises the researcher's own assumptions and beliefs through explicit statements of how the researcher's very presence affects what he or she is investigating. It is research that looks back on itself (Alexander, 2001:355).
Consideration of the ethical issues involved in utilizing qualitative research methods is only one part of the picture. Researchers need to be aware of what May (2001:47) describes as ‘the values that inform the decisions of researchers in the course of their practice’. In short, how is it possible to consider the existence of an objective reality that can be known independently of the researcher? Some of the values brought to this research for instance were coloured by the fact that the researcher came from a working class background that has suffered from de-industrialisation and associated social changes similar in many ways to the areas where my research was carried out. This was part of the reason for the interest in the topic of research for the thesis. Sympathetic leanings with the interviewees from the third sector, many of whose organisations were struggling for funding and survival was another value which could well have impinged on the research (see Becker, 1967 on sociological research and the ‘underdog’). The theoretical perspective was driven in part by a hypothesis that the dynamics of capitalist society are not necessarily characterised by pluralism but are often driven by conflict and differences. Bryman (2001:22) however, points out that in social science research in general ‘there has been a growing recognition that it is not feasible to keep the values that a researcher holds totally in check’. He goes on to suggest that they may intrude at any of the following points:

- Choice of research area;
- Formulation of research questions;
- Choice of method;
- Formulation of research design and data collection techniques;
- Implementation of data;
- Interpretation of data;
- Conclusions (Bryman, 2001:22).
Postmodern critiques of claims to truth and the belief in objective knowledge that inform many current debates on the benefits of ‘reflexivity’ to this type of research were anticipated by philosophers such as Wittgenstein (1958) and Kuhn (1970). Wittgenstein argued that language itself is a barrier to objective social reality whilst the influential work of Kuhn suggested that data gathered through the five senses was invariably structured by what he termed ‘paradigms of knowledge’.

Hammersley (1992) argues that one possible solution to these problems involves adopting a ‘constructivist’ approach to the research process. He argues that the qualitative researcher must adopt a reflexive approach to the qualitative process and a fundamental awareness of the way in which the research itself is constituted. In other words, the researcher is not simply ‘interpreting reality’ but plays an active part in its construction through the above points outlined by Bryman. So as well as being utilized as part of the data collection, the constructionist method was also used to monitor the researcher’s own personal agenda; largely through the personal journal that was kept during the three year period of the research. As Turnbull (1973:13) explains, ‘the reader is surely entitled to know something of the aims, expectations, hopes and attitudes that the writer brought to the field with him for these will surely influence not only how he sees things but what he sees’. Thus, while sociological research is invariably aimed at offering sociological interpretations of the ways in which individuals and groups hold beliefs and see their world but now exist alongside awareness that those of the researcher must be acknowledged in the same way.
Chapter 6

The Democratization of Economic Governance in Europe?

Introduction

This chapter returns to the themes explored in the first two chapters. In brief, the research questions were framed by EU (especially Commission) policy and also from academic literature that has appeared in recent years suggesting that European integration is now a much more open project and that it now seeks to involve many more groups and individuals in policy and consultation than hitherto had been the case. As these chapters went on to argue, this would draw a contrast particularly with the era and political legacy of 'institutionalised functionalism', where it was thought that elite informed decision-making procedures would be sufficient in promoting European unification in the economic, social, and political spheres.

The main argument that was proposed in Chapter One suggested that over the years, due to the internal and external contradictions of economic integration in Europe -- contradictions that Europe's governing elite felt held the potential to undermine the re-launch of Europe in the mid 1980s -- that governance and decision-making in the EU had changed in more recent years in order to better accommodate the uneven manner of the integration process. It was suggested that many of these changes were initiated due to the ways in which what Henig (2002) has described as the 'context and process' of integration eventually came into conflict with one another and served to highlight many of the inadequacies of Monnet's original blueprint. It was argued in particular that the 'context' of integration, which included subsequent enlargements and external developments in the global economy, eventually came to problematise the long term ambitions of 'economic spillover'
as the facilitating mechanism that would best enable the effective meshing together of economic, political and social goals.

To these ends, as the chapter concluded, the most recent stage of decision-making regarding the way forward for the Union has seen the deployment of greater market intervention initiatives, notably the upgrading of the structural funds and more 'open methods of coordination' in order to stimulate greater dialogue in areas such as employment and social exclusion. It is hoped that this more 'corporatist' style of European governance can provide an overall approach to problem solving: one that is able to serve and support both economic and social goals. These policy developments all highlight a greater role for the EU in regulating and trying to offset the social consequences of market failure at a more European level of intervention.

Both the changes that have been made to the structural funds and the commitment to OMC in regulating the European economy have also demonstrated the EU's willingness to involve as many actors as possible in trying to tackle the social consequences of market failure and to instigate a more effective problem solving approach. Principally, it is thought that by engaging 'local knowledge' more closely in the policy process, then solutions can be found that are liable to be more sustainable and more efficient in addressing the root causes of market failure.

However the chapter went on to argue that while these developments may have taken place, European integration remains structured by economic concerns in the last instance. The argument raised, by Van Apeldoorn (2002) in particular, points out that the phase of integration since the ratification of the SEA of 1987, has seen a much harder-edged, market
determined model of the EU that is being driven by globalization and more intensified market competition. This argument suggests that while EU rhetoric regarding the importance of addressing market failure may highlight the significance of promoting economic democracy and a greater concern with facilitating the social dimension of European unification, any such programme must fit first and foremost within the market restructuring process that Van Apeldoorn argues has characterised the latest stage of integration.

The issues addressed in this chapter mirror the issues explored in the first two chapters through an empirical investigation of these themes. The particular aim of the chapter is to examine whether the overarching framework for European integration has changed in regard to claims that it is a less top-down endeavour and is more cognisant of social issues than may previously have been the case. Four representatives from the European Commission — DG Employment and Social Affairs, DG Regional Policy, DG Regional Evaluation and DG Competition Policy — were interviewed in order to gain insights from representatives of the EU itself on how and in what ways they feel that European integration has changed. Relatedly, I questions were also asked on what issues were now being addressed that may previously have been marginal concerns, such as what is the 'European social model'; what does 'cohesion' mean; including: is there now an enhanced role for civil society in the integration process and, if so, what is the significance of this for European governance?

Using Wales as the political, economic and social context the final part explores research data from the regional and local level and includes interviews with an Assembly Minister (AM), local authority representatives, and community and groups and organisations.
Again, these interviews sought to shed some light on what exactly has changed in relation to governance in Europe, particularly in relation to experiences of the structural funds. As Hooghe and Marks (2001) argue, the structural funds provide the best exemplar of the advent of multi-level governance in the EU and the way in which the social issues of European capitalism are to be addressed within this political framework. Does the WAG for example, now provide a more effective conduit for local administration of the structural funds? Is the European Commission listening to civil society in Wales? If so, then what are the issues now being addressed and in what ways? What are the political mechanisms through which civil society in Wales is now being represented in Europe, in accord with the changes that have been made to the structural funds, and also the rhetoric coming from the Commission and, also the Assembly, concerning the need to promote greater citizen engagement and to involve local knowledge in addressing regional problems?

Governance and the EU: perspectives from the Commission

Referring to the changes in the way that integration is unfolding and in the structures of European governance that have taken place, this senior European official had this to say in a seminar that took place on ‘Wales in Europe’:

Well, you’ve got things such as a greater role for the European Parliament...the EU is now more open, democratic and accountable. I would say particularly that greater accountability is what the EU is doing. I mean, the Council of Ministers is now working more closely with the Parliament and there are now a lot more links such as this developing. It is an ongoing process really. It is taking time but it is opening up from what it was (Commission Official, presentation at University of Glamorgan. 22/3/04).

Elaborating further on these points, he argued:

The technocratic origins of integration are not so obvious anymore and the predominant concern is with the movement of capital rather than people. The EU are assuming a much broader role now and regional and social policy initiatives, which are coming more and more to the fore, and are implicit in dispelling the notion that the EU is simply a capitalist club (Commission Official, presentation at University of Glamorgan. 22/3/04).
According to this argument, the path of European integration and the structures through which it is being governed have changed in several noticeable ways: firstly, as he argues, there is now less emphasis upon the insulated decision-making framework first formulated by Monnet and his colleagues and, secondly, there is now less of an emphasis upon the economy as the principal driver through which to facilitate the integration process. As he pointed out, 'accountability' is now a key watchword by which the institutions of the EU wish to be judged: this is no longer a closed shop, or in his words a 'capitalist club', which is summarily closed to democratic input. As he pointed out, social policy and regional initiatives are taking on a much more prominent part in European level policy-making and are consequently playing a greater role in shaping the overall agenda. While social policy is still primarily dictated by national governments, this official argues that 'social integration' is no longer such a marginal concern and co-ordination in this area is now forged through an agenda which, as Lovering (1998:36) has pointed out, 'presupposes a greater degree of democracy in economic governance in the Union and its member countries'.

This Commission official from DG Competition — head of the state aid department — suggested that it is important to note that there is now greater degree of democracy between the institutions of the EU and more open lines of communication between departments in the Commission on the integration process than would previously have been the case. He argued that this was one of the ways in which this particular department of the Commission had evolved in recent years:

There is now more consultation between departments — usually if it is likely to affect their area — then they are involved in the consultation process. Some of the DGs are always consulted, by us...like DG Enterprise is always consulted, so that is a formal consultation and if another DG does not agree with a decision that we are proposing, it means that a decision has to be taken by the Commission through oral procedure allowing for discussions between the cabinets of the Commissioners and, if necessary, between the Commissioners themselves in their weekly meeting. So those are the most important
actors, but all legislative texts are sent to the European Parliament and they usually adopt an opinion on those proposals (State Aid department, DG Competition Policy 4).

As the interviewee stressed, there is now greater consultation and collaboration between the different departments in the Commission and a greater awareness that different policies are linked, where decisions taken in one area may hold potential consequences in another policy domain. As the interviewee pointed out, there is recognition that there needs to be greater dialogue between, in this instance, policies on state aid, and regional policy. Initiatives and policies in these areas no longer stand alone, are less compartmentalised, and there is increased awareness of their interconnectedness. Whereas European policy priorities would once have been weighted towards being primarily an economic concern, and the centrality of competition policy to market integration, now they are considered more in terms of possible consequences in the social arena, particularly in regard to issues of employment and job creation. This point was illustrated when the same interviewee was asked what he thought the term ‘cohesion’ actually stood for as a policy aim of the EU and what part Competition Policy contributed towards this goal at European level:

Cohesion is very much a part of my daily bread because, as I said, we are responsible here for controlling aid for regional development and I don’t think you can make a sharp distinction between cohesion and regional development. I would say that cohesion policies in general need to be interpreted broadly and therefore mean both economic... regional if you like, but also socially: cohesion anywhere, all over the place, everywhere in the community. The notion behind it is always that these regions are in need for development and therefore assistance can be provided for companies in those regions in so far as these companies are willing to invest there and, or I should say, willing to create jobs (State Aid department, DG Competition Policy 4).

There would seem to be less demarcation within the Commission itself on policies where the decisions that frame those policies now need greater coordination than would previously have been the case. As this interviewee pointed out, economic and social policies are not considered to be mutually exclusive. For instance, state aid policies must now be far more sensitive to contemporary regional development strategies and issues of
‘additionally’. State aid rules are now applied within a wider awareness of their social consequences as well as through their contribution to the economic goals of creating greater competition within the single market. Accordingly, this individual suggests that one aspect of ‘cohesion’ is the greater dialogue that takes place between different departments in anticipation of these issues and of the importance of facilitating both economic and social cohesion.

Interestingly, when asked for a broader interpretation of ‘cohesion’ in regard to European integration, this interviewee saw no need to make any distinction between economic and social goals. While he argues that there is a now a need for greater dialogue in particular policy areas, they are seen as mutually reinforcing. In other words, he asserts, economic and social cohesion are considered to be two sides of the same coin.

In fact, the continuing importance of the market as the overarching framework in which cohesion should be pursued in EU policy was illustrated in the same interview when the concept of EU citizenship was discussed. This conversation came about when the interviewee was asked what he considered to be the strengths of engaging civil society in the policy process. The interviewee was not aware of what the term ‘civil society’ actually meant. After explaining the term and its currency in relation to European integration he told me how he saw civil society in relation to the concept of market citizenship:

In terms of ‘citizens’ I understand this. The consumer in the EU is the first to benefit from vigorous competition. And that is why, already, for a number of years, under each presidency, we organise a consumers’ day where we try to explain the benefits of competition policy to the consumer and this is just one step beyond that having a consumer liaison officer to whom all consumer concerns can be addressed and so, I think that’s one way of making the broader public understand why competition policy is necessary and in their interest to have (State Aid department, DG Competition 4).
Social Europe: what does it really mean?

As argued in the previous chapters, the debate on cohesion in the EU inevitably brings in a related discussion on social Europe and what this should mean in policy formulation. The greater emphasis that is now being placed on the more social aspects of integration, and the way that the debate on social Europe has been widened in recent years, was explained by a representative from DG Employment and Social Affairs – a department that was itself a fairly recent innovation in many respects as the interviewee pointed out – where she explained the increasing profile of this section of the Commission:

I would say that DG Employment and Social Affairs, more than any other department in the Commission, has been directly involved in promoting social inclusion and social cohesion. The emphasis on trade obviously builds ever-greater competition in the economic realm. The accusations levelled at the EU in terms of the ‘democratic deficit’ are all tied in with this of course. One of the ways in which the EU is trying to address this situation is by promoting the greater involvement of civil society in the policy and decision-making process. Of course, with the evolution of the EU being traditionally being defined by economic concerns, one of the main issues closest to the citizen, or many EU citizens, is the issue of social welfare. There are no social security measures at the European level, but one of the aims in more recent years has been to try to ensure that economic policy and social policy are now more equal than they have been in the past (national social exclusion coordinator, DG Employment and social affairs).

These points serve to clarify the position of the EU in matters of social policy where, in the main, it has tended to focus upon labour market initiatives and issues regarding gender equality in the workplace, health and safety issues and greater cross-border welfare rights for mobile EU citizens. As Warleigh (2004:69) argues, its failure to replicate the depth and substance of national welfare provision is mainly a reflection of the fact that ‘the EU’s relative stagnation of the 1970s was overcome not by European level social democracy (which many argue would have placed the accent more on social policy initiatives) but by a largely neo-liberal project of market making’. Social integration in this scenario is to be traversed via other mechanisms of government policy. This was a point explained in more detail by another Commission official interviewed, from DG Regional Policy, evaluation department. This interviewee also viewed changes in the governing structures of the EU in
part as an active attempt to engage citizens in the policy process, where he argued that a less top-down approach in areas such as regional development and employment measures would be particularly important in addressing issues such as social exclusion:

In trying to address social integration problems such as social exclusion, there is now an active attempt to bring the citizen closer to decision-making at the state level where there is an emphasis on greater and deeper levels of participation. This is a structuring effect as far as I can see. Certainly in areas such as regional policy there has to be a trade off in, on the one hand, resource cost where there is a greater involvement of the professional level of expertise and what is known as preference cost where there is a need to get more stakeholders involved. There must be an aggregate, certainly in the regional policy domain, of resource and preference costing (DG Regional Policy evaluation officer 3).

He argues that, certainly in policy areas such as this, there must be something of a trade off between so-called ‘expert knowledge’ and more ‘localised’ forms of knowledge. As he points out, policy initiatives must be geared towards facilitating a realistic degree of coordination between ‘top-down’ policy-making and ‘bottom-up’ input. Just as the top-down approach no longer serves to address the realities of contemporary governance in Europe, there must still be a realistic balance. The trick is, he argues, is to try and bridge this gap at an appropriate level of decision-making. While the notion of ‘subsidiarity’ has been much criticised for its ambiguous status, this is clearly the way in which the EU see the application of this concept in practice. While there must remain strategic input from above, and the appropriate expertise in particular areas that can be initiated from a top-down approach, these must now be conceived with an awareness of what is going on and what can be contributed at a more local level of delivery. As addressed in Chapter Two, the EU’s more recent concerns with the importance of facilitating job creation and greater employment opportunities in Europe bear testimony to this, as this interviewee from DG Regional Policy explained:

There is always a certain degree of negotiation involved [in regional policy] because there are obviously priorities at the European level, such as employment strategies which we think will benefit everybody, and also things such as trans-European networks which also contribute to cohesion. But, essentially, particularly something such as social inclusion is a
case in point: it's a very localised thing. Nobody knows the problems like the people that are there. We can't really tell them what to spend the money on so we just provide them with the means for them to do what they think is best. And then we will keep an eye on that the money is well spent (Desk Officer, DG Regional Policy ²)

As these interviewees point out, certain overarching principles and strategic aims take precedence and frame policy fit from the top to the bottom. As argued above, the importance of facilitating employment and job creation initiatives in areas such as regional policy has been seen as particularly important, a point reiterated in this interview with the Regional Policy Evaluation Department interviewee:

As well as looking at policy, evaluators also need to look at the kind of research that is being conducted into the kind of issues the programme is attempting to deal with. For instance, in regional policy, it is useful to look at all the developments that have been made in EU employment strategies. In this case it would be the Lisbon strategy and the cross cutting themes related to this. Evaluators should give an opinion on what has been done before and there should also be a financial analysis of previous programmes in relation to this (DG Regional Policy evaluation officer ³).

This extract provides another insight into the debates that inform the particular aims of the European social model where, as Lovering (1998:36) has pointed out in relation to the stream of employment initiatives that have originated from the EU since the early 90s: ‘employment is now seen as an essential precondition for social cohesion’. As pointed out in Chapter Two, while functional spillover was initially able to justify itself in political terms within longer term aims of prosperity and job creation, both of these objectives became jeopardised by the ‘context and process’ of integration where, as Lovering points out, European employment initiatives can be viewed as a particular political response to the problems of governance in the contemporary era of European integration where, ‘between the 1980s and mid 1990s the EU virtually generated no net job increases in the number and quality of jobs compared to the creation of 38 million jobs in the US’ (Lovering, 1998:36). As pointed out in Chapter One, the problem of social exclusion and
the growing gap between the rich and the poor in the EU is a related concern in this scenario as this interviewee from DG Employment and Social Affairs asserted:

If you look at the figures that are being produced on poverty, the gaps are still widening. There may be convergence occurring in economic terms but poverty figures are still very much widening. Ireland is possibly the exception where GDP figures have leapt to 126% of the EU average. There is no equity at income level across the EU where, in many ways, there has been less convergence. The structural funds have been successful to a certain degree, however, and the open method of coordination has been successful in some ways: certainly in the sharing of best practice with other countries where many things have been taken on board in policy. The ‘making work pay’ strategy that has been promoted throughout and by the EU has also been fairly successful as measured by statistics (national coordinator for social exclusion, DG Employment and Social Affairs).

She went on to explain the primary aims behind the European Employment Strategy and how its implementation was helping to shape the aims behind the European social model:

I see there as being four main objectives in this area of EU policy: 1) the mobilization of relevant actors and the individuals and groups best placed to be involved; 2) to better enable access to employment for relevant individuals and groups; 3) assisting the most vulnerable groups and individuals in the labour market; 4) identifying and clarifying who these groups and individuals are. As far as the last aim is concerned, this has become more and more of a priority as many of these groups and individuals seem to have been previously hidden in many respects. This is one of the areas where comparative analysis across member states and national action plans can be particularly useful. The Commission do the analysis of these plans and the member states are also invited to take part in peer reviews on each others national action plans (national coordinator for social exclusion, DG Official Employment and Social Affairs).

Greater weight given to these areas of policy suggests that the European social model is being forged upon a greater understanding of the ‘social risks’ that the EU are now playing a more prominent role in regulating. As the above interviewee pointed out, policy is now more geared towards being constructed upon a more informed understanding on issues such as social exclusion. However, as Levering points out, while this may be the case, it could be argued that the fact that employment policies ultimately inform how issues such as social exclusion should to be addressed, ultimately reflect an ethos characterised by what he calls ‘Euro-monetarism’ as opposed to ‘Euro-Keynesianism’ (1998:41). Explaining the significance of this difference he points out that ‘labour market related policies in the EU treat employment as a factor in ‘competitiveness’, and as an instrument
in spatial 'cohesion' but not as a right of citizenship' (Lovering, 1998:41). Lovering points out that the European employment strategies that have been developed cannot be considered as policy tools that singularly promote social cohesion per se, nor can they be said to justify rhetoric claiming the development of a more social European space. He suggests that they are policies that are just as likely to promote fragmentation as opposed to any sense of cohesion. Lovering qualifies this argument by citing the content of the First Report on Cohesion, published by the Commission in 1996 which, while pointing to the difficulties in influencing the total level of unemployment in the EU, also stresses that 'who takes up those jobs is equally important' (Commission of European Communities, 1996:116). As Lovering explains, the primary aims in this and subsequent documents are to emphasise the importance of promoting the efficiency of flexible labour markets, and the facilitation of supply side measures aimed at reducing the barriers that may exclude particular categories of individuals from employment. The individuals and groups that have been identified in this 'risk bracket' include: young job seekers; the longer term unemployed; and those who may be subject to discrimination in the workplace. As Gray (2004) pointed out in Chapter Two, the capitalist structures that created many of these problems in the first place – such as the extent to which the labour market is influenced by changes that are not in the control of employees or the unemployed – are unacknowledged and are excluded from these strategies. As he summarises:

Employment policy in Europe has become synonymous with supply-side measures, some of which are aimed at increasing the 'competitiveness' of the workforce through improvement in skills, others at redistributing opportunities within the job-seeking population by modifying individuals behaviour and skills, and employers' selection processes. Employment policy is interventionist, but along essentially microeconomic and socially selective lines. It is concerned with managing the effects of joblessness and incipient exclusion in the labour market with the aim of breaking the connections which give rise to the consolidation of an underclass. These policies are aimed at targeting the 'marginalised' in the hope of changing their behaviour and thence improving their ability to acquire and retain paid work, reducing their dependence on benefit transfers, and minimising their propensity to indulge in anti-social behaviour (Lovering, 1998:41).
In fact, some of the limitations of this particular agenda in addressing the broad range of issues flagged up by writers such as Byrne (2005), Lister (2004), and Jones and Novak (1999) on the complex relationship between unemployment and social exclusion in the EU were actually pointed out by this interviewee from DG Employment and Social Affairs when asked for her views on the effectiveness of European initiated employment strategies and their deployment through OMC in addressing the issues they were purported to:

It seems to be a 'chicken and egg' situation in many ways. There may be more complex issues involved in getting some people into work than may first appear when you are considering things such as employment strategies. This is where I feel that DG Employment and Social Affairs can contribute to a broader understanding on what the local and more substantive social issues may actually be: what comes first and what is the best way forward (national coordinator for social exclusion, DG Employment and Social Affairs)

The interviewee felt that, in many ways, employment strategies and job creation schemes alone were insufficient in addressing wider (structural?) problems associated with social exclusion. She did feel however that one of the potential strengths of the greater prominence of her particular department was that they were now starting to bring a more sociologically informed debate to the table.

The structural funds, civil society and the European social model

I think that civil society is today about people looking for a new political space and a new balance between themselves and institutional settings. That was what the constitution was all about: contributing to a rebalancing of the relationship between the state and the individual. There needs to be a reconfiguration between the individual and collective security (DG Regional Policy evaluation officer)

While macro-economic policy in this way has largely revolved around employment measures, innovations such as the political restructuring of regional policy, whilst being tied within an overall strategic framework concerning a particular paradigm of economic and social development, have been more explicitly aimed at trying to reconcile the 'local' with macro-policy developments. So, whilst these areas of policy are still framed by
overarching aims such as the European Employment Strategy, the fact that they are more tied into local implementation theoretically left room for greater policy innovation. Getting a good balance between these two policy aims was explained by this interviewee who works in the DG Regional Policy department of the Commission:

How can you execute social funding if you don’t ask the people on the ground where the money should be going to? It’s impossible. It would be like trying to build a road without consulting the necessary expertise for it. You wouldn’t be effective and at the end of the day this is not about spending the money. At the end of the day what makes or breaks a programme is ‘have you achieved the targets that you set out to achieve?’ ‘Have you raised your levels of GDP?’ ‘Have you created jobs in sufficient quality and quantity?’ That’s what will make the difference...it’s not whether the money was spent on time. And you know with that kind of thing you need the social link (Desk Officer, DG Regional Policy 2).

As argued in Chapter One, the structural fund reforms of 1988 provide perhaps the best illustration of the way in which the European Commission have been active in building better links between civil society and the European governance with the aim of forging a better balance between top-down administration and local knowledge, particularly in social policy areas. Following Delors’ concerns that the single market project would exacerbate inequalities in the Union, the structural funds have been a good example of this where they were strengthened both politically and in budgetary terms in order to cope with the social ‘risks’ of market convergence that many felt posed a threat to Community cohesion. This official from DG Regional Policy explained the fundamental principles – particularly the greater emphasis on ‘partnership working – that have characterised the structural fund reforms of the last two decades:

What we have now is what I see as the core of our policy which is ‘partnership, programming’. These things I think started in 1989. Until then it was slightly different. We would fund projects to a certain extent at a national level. Instead of just giving money like we did previously, you have to have a strategy on which way you want to spend the money. And that’s evolved...the basics were probably there from the beginning in 1989 but it has evolved along these lines; the idea of partnership has become a lot stronger now (Desk Officer DG Regional Policy 2).
As this interviewee argues, the principal mechanism to engaging civil society and a more bottom-up approach to regional development in this particular policy domain is based upon using a partnership approach as the primary leverage mechanism through which to engage civil society and local knowledge more fully into the policy process. As pointed out in Chapter One, this has been a particular requirement from the Commission in the bargaining that has typified the various permutations of the structural funds since 1988 and the political structures through which the funds were to be delivered on the ground (De Rynck and McAleavey, 2001). This interviewee from DG Regional Policy explained what the benefits were in encouraging greater participation for the networks of civil society — and particularly third sector organisations — in regions that have been the principal beneficiaries of the structural funds:

Because the voluntary sector is the most heavily invested in those areas and if the principle that you spend the money on what it needs to be spend on you need to ask the people 'where should the money go?' And things like capacity building cannot possibly happen without those people being involved because they know the area and they know how to go about doing it. And without capacity being built you cannot possibly do anything. It is a stage process. So...you know...they are vital (Desk Officer DG Regional Policy 2).

She continued:

I am a great believer that you cannot do any sort of regional development without having everyone in the area involved. It is impossible. Because...you know...it happens very often that people have divergent views about where money should go in certain areas and the outcome tends to be based upon negotiation and a conclusion that maybe not everybody is overly happy with is one that addresses most of the problems. For that you need to have everyone involved and that is what partnership is all about (Desk Officer DG Regional Policy 2).

Echoing the argument developed in Chapter Two, the content of these interviews suggests that a large part of the rhetoric concerning what the European social model means in reality, and the greater emphasis that has been placed on the importance of supplementing economic convergence with a social dimension, is based upon the premise of greater involvement for individuals and groups within a more decentralised policy process. As
already pointed out, this is seen as particularly important to areas such as regional
development, where policy-makers claim to acknowledge that nobody knows what the
problems are in these areas better than the citizens who inhabit them themselves. While, as
pointed out by the interviewee from DG Regional Policy, the EU does not constitute a
welfare state transfer mechanism *per se*, informing policy initiative in areas such as
regional policy is the idea that, funding is provided to *enable* individuals and regions in
facilitating their own social and economic development. For individuals, this primarily
means providing the optimum conditions for an efficient labour market, realistic
employment opportunities and job creation. For regions, it is giving them help to improve
their own economic, social and political infrastructure. As this interviewee argues, this
process is not a transfer mechanism in the traditional sense of welfare provision but is
based upon the facilitation of *opportunities*:

> We kind of look at our role in making, at least giving people and regions, the means to be
able to make it [regional development] possible. We don’t do it for them, they do it
themselves. So what we do is kind of supply those means that are maybe lacking. So it is
redistribution in a way but we think that it is redistribution with a good aim in that it allows
all the regions to come to a certain level where everybody has a good standard of living
(Desk Officer DG Regional Policy 2).

A part of this ethos clearly reflects the fact that, as well as being the traditional
beneficiaries of European regional policy and of how the money is to be spent, member
states have traditionally held sway in matters of providing citizen welfare and facilitating
social transfer mechanisms. Many of the changes that have taken place in areas such as
the structural funds reflect the EU’s changing role in a world where the nation-state and its
powers are no longer so clearly defined. Issues such as social welfare are no longer
defined according to traditional solutions and into this growing social regulation ‘vacuum’
problem solving capacities must be broadened. As Van Apeldoorn (2002:1) points out,
‘this transformation has involved a fundamental restructuring of state-society relations, and
with that, of the social institutions that had embedded the post-war capitalist economics’. 
These interview extracts echo some of the aims underpinning the New Regionalist theory of economic development in Chapter Three and governance through the facilitation of autonomy regarding the development of regions, institutions and citizens. This is an issue that was brought into focus by the interviewee from Employment and Social Affairs who spoke on the issue of the Commission’s role in coordinating measures – including those to encourage the participation of civil society – in areas such as social exclusion:

Employment coordination measures, for instance, revolve mainly around setting regulations and offering recommendations in this area of policy: particularly target setting. To these ends, each member state produces an action plan, which goes to the Commission so that there is a detailed analysis on each member state with which to work. This action plan is submitted to us by the member states and then analysed by people such as myself. Analysis and then comparisons are made between member states action plans in order to identify methods of ‘best practice’. There is normally a regional action element to be considered in all of this and, one of the things normally picked up by the Commission is to what extent there is an emphasis in member state action plans upon the inclusion of local knowledge and local involvement (National Coordinator for Social Exclusion, DG Employment and Social Affairs^1).

In conclusion, she argued that the benefits of the European social model and the problem solving initiatives that are now in place mean that:

The European Union now place much more of an emphasis upon greater social partnership and greater social dialogue than member state initiatives. The EU treats policy areas such as social exclusion as much more of a more cyclical process than more ‘top down’ policy recommendations would (National Coordinator for Social Exclusion, DG Employment and Social Affairs^1).

While these views from the Commission regarding the greater involvement of citizens and local knowledge in EU policy-making suggest that European decision-making has become more democratised, less top-down, and more primed towards facilitating social integration, this interviewee was more cautious as to what had actually changed in real terms:

I am quite cynical really particularly in regard to the ‘open method of coordination’, and facilitating the greater involvement of social partners. There should certainly be a lot more involvement than there is at the present. I do think that the EU sometimes comes across as the ‘emperor’s new clothes’. There is lots of policy and initiatives obviously going on in areas such as this, but what is the substance and what is actually being achieved? I think that, in many ways, the equity and social justice issues may come in, in the way of a ‘consciousness raising’ role. I don’t think that these measures are necessarily impacting on
the widening inequalities themselves. The structural funds, for instance, are incredibly complex and it seems to be the best-resourced and well organised groups that benefit the most (National Coordinator for Social Exclusion, DG Employment and Social Affairs ¹).

She added that:

I would say that one of the main barriers to inclusion [in regional policy] is the elitism that still marks contemporary politics and is implicit in institutions such as the EU. One of the main informal processes involved in the structural funds for instance, is to encourage some of the more reluctant member states to agree to further and deeper economic convergence. Supranational ideals, however idealistic, can become subsumed under a power struggle that is ultimately *intergovernmental*. The intergovernmental bargaining that take place is often called the ‘hogs trough’, where it is primarily elite groups who have the power to define their own interests as opposed to wider needs such as those characteristic of social integration. Policies on equality in the workplace, for instance, have been found wanting and have been negligible in their impact. Unless the Commission assumes the power of issuing directives (which of course are bestowed by the intergovernmental Council of Ministers) then member states will still do pretty much what they like (National Coordinator for Social Exclusion, DG Employment and Social Affairs ¹).

Quite clearly then, limitations to this system are also acknowledged from within the Commission. Even within regional policy objectives it was felt by this interviewee that it is the dominant political structures defining member state political structures that make the ultimate decisions. As Warleigh (2004) points out, this continues to betray the legacy of the essentially *intergovernmental* design that characterised the framework of the structural funds and its role as a *compensatory mechanism* for member states who felt themselves to have lost out in budgetary terms in other areas of EU policy. This interviewee from the WCVA was also concerned by the overarching structure within which regional policy is situated: a structure that was not necessarily going to ultimately benefit those it was purported to:

I think in theory, it is sound enough in principle. But are we really talking about competitive edge or are we talking about investment in regeneration to allow an even playing field? And there is a difference. This isn’t about competitive edge; this is about making an even playing field. Which is fine, but it will be interesting to see what happens and what impact enlargement will have on this. Because suddenly we are going to be faced with even the richest nations who have benefited from structural funds, i.e. Objective 1,2 and 3, suddenly having to make some very fundamental decisions about foregoing some of those funds at the expense of their own countries (WCVA interview ¹).
According to this argument, the rise and reification of the region as the primary locus of economic and political activity, endorsed by policies such as the structural funds, may not necessarily be the democratic platform claimed by the Commission. As the above interviewee points out, the redistribution of *opportunities* may not necessarily lead to a level playing field but could produce a situation where, competing against each other in the global economy, it is the already advantaged regions and nation-states that are most likely to benefit.

**Wales, Europe and Objective 1**

Despite some reservations, the interview material from the European Commission would suggest that that there is a general acknowledgement within the Commission that European Governance *has* changed in more recent times and that social issues now inform the integration process to a greater extent than they may have done in the past. As the interviews illustrated, these changes have been exemplified particularly in policy agendas such as the Lisbon Strategy and in the reforms that have been made to the structural funds since 1988. This section of the chapter explores data gained from the local and regional beneficiaries of the structural funds. Interviews with Assembly Ministers, local authority representatives and organisations from third sector community organisations were asked for their views on how *they* felt European governance has changed, the kinds of issues now being addressed, and how they perceived their roles in the decision-making processes involved in the delivery of Objective 1. South Wales provides the area through which these issues were explored where the designation of West Wales and the Valleys as an Objective 1 area in 1999 coincided with the process of political devolution and the establishment of the WAG. The profile of Objective 1 has been very much highlighted by the political changes that have taken place in Wales over the last five years and has
accompanied a general sense of optimism in regard to the economic, social and political possibilities for the future of the region. As pointed out in Chapter Four, perhaps the biggest challenge faced in this round of Objective 1 can be discerned in Priority 3 of the programme where the active engagement of local knowledge is sought by the Commission as it aims to promote more direct involvement of the third sector in addressing social cohesion at the regional and local level. The sense of optimism that these particular aims hold in regard of the possibilities for real changes were shared by this interviewee from a CVC:

I have been in this post for nearly four years now and before that I spent two years doing voluntary work in Africa. So before I left for Africa, I'd also worked in Wales quite a bit and before I left there was no Welsh Assembly, no Objective 1. When I came back it was buzzing, really buzzing; the Assembly was set up, Objective 1 was in place, the compacts were starting to develop and whatever. And I thought 'well this is fantastic and I still do, you know?' (County Voluntary Council interview).

Indeed, this broad sense of optimism was apparent in this interview with a WEFO official when asked what the advent of the Assembly, in tandem with the granting of Objective 1 status, had brought to the region:

Objective 1 has provided great impetus to be a member of the European Union where they constitute 1.3 billion with match funding. We now have devolution and post-Fordism as the norm throughout the EU. 150,000 Welsh jobs are linked to exports alongside a substantial amount of inward investment. 70% of those Welsh jobs are linked to exports destined for the EU. We are increasingly affected by EU policy and the Assembly is supportive of EU enlargement. Welsh companies will benefit from access to the single market. There are of course challenges but also opportunities and we must seize the opportunities (WEFO interview).

She was clearly optimistic on the possibilities that would be provided by the Objective 1 programme to enhance Wales' membership of the EU. She went on to explain the particular role that the Assembly now had to play in the Objective 1 programme and in the drive to effect more efficient utilization of the funds:

I think that Wales as a region of the European Union is an appropriate geographic region to be delivering a lot of our strategies. We have had the Assembly now since 1999, and before the Assembly was created, there was that democratic deficit. But with the Assembly in place and now having a whole range of policies and resources that it has, it
does make sense for that policy framework to really be the driving force behind the funds. That doesn’t mean that the Assembly should do everything; there is a very important role, especially for priority 3 community economic regeneration, that type of thing has to come from the grassroots and there are other types of things as well. Those things do need to come from the more local level rather than being centrally driven. But it is a matter of having the balance (WEFO interview).

The advent of the WAG has been an important development, according to these viewpoints, in providing a more effective political conduit for linking the overall strategic aims of regional policy with the bottom-up implementation now demanded by the Commission. While Commission interviewees emphasised the more joined up approach between different departments and policy sectors at EU level it is clear that local delivery of the programmes must be administered by a strong regional body that is able to implement the overarching aims of the structural funds and apply them in an appropriate way to the local level. Here the WAG has an important role to play in organising the strategy of the programme. The WEFO interviewee explained the specific differences in this round of programming that differentiated it from previous structural fund programmes in Wales:

I think that the biggest change is the 1989 reform because that’s when they began to integrate the structural funds into one coherent programme. Before that, we did have ERDF and we had ESF but they were completely separate from each other, the eligibility rules were pretty narrow, and so the impact on the countries was pretty limited and you didn’t have the range of activities that we have now. It was the 1989 reforms that really began to expand the structural funds and of course the funds available for this were doubled from 1989 onwards as well. Partnership, concentration, programming; those were the four basic principles that came in 1989. But ultimately of course, from the Commission’s perspective, they want to be seen by citizens as providing benefits. The structural funds are probably the most visible means of showing the benefits of European integration to many, many people (WEFO interview).

She pointed to the importance of the role of the Assembly in encouraging a balanced level of participation, particularly in regard to the community development parts of the programme:

What we found was that there was a tendency to have differentiation between areas. So, for example, for priority 3 some areas would be more actively engaged in community development than others. If you just leave it to the local partnerships, the provision then is
patchy so we do need to intervene to make sure that all areas were able to participate and benefit and where there are gaps, there is a duty on the part of the Assembly and its agencies to step in and generate projects and actively assist communities to generate projects. So it's a balance (WEFO interview).

This Assembly Minister however was more cautious about the changes, feeling that the political changes involved in devolution had in some ways created unrealistic ambitions sparked by hype and publicity about what was and what was not possible. She had this to say about what difference she felt the Assembly had made to the delivery of the structural funds in Wales:

Well of course it's made a difference on the grounds that we didn't have Objective 1 funding before the Assembly was there. It's meant that the whole of Wales can talk about Objective 1 without knowing what it means: that is one of the key achievements of having an Assembly I think! It has meant that people have been able to misinform on a scale which I have never seen before: which is a key achievement of the Assembly – not of the Assembly government I would hasten to add but of the Assembly because I sit and listen to people in the Bay from opposition parties who clearly are just talking the agenda down with a very imperfect understanding of the issues at stake. So there is always having to be in a sense rebuttals from the Assembly government. So what having the Assembly has done has enabled an incredibly lively debate about Objective 1 but not a very informed debate (Assembly Minister).

Clearly input from the voluntary and community sector is seen in terms of its contribution to specific areas of the programme. As the WEFO official stressed, it would be unrealistic to expect community groups and third sector organisations to lead in areas such as infrastructure and SME development. Instead, the appropriate sectors provide the lead while the overall approach will be geared towards providing a broader framework for development. The new political structure provided by the WAG mirrors, in many ways, the reorganisation of the Commission, at least in rhetoric, within a strategic approach to governance where top-down objectives can be reconciled with more localised delivery mechanisms.
Civil society and the democratic delivery of Objective 1

One of the biggest innovations in this round of the structural funds seems to have been the Commission's aims to include representative voices from community groups and third sector organisations right from the start. As this interviewee from the WCVA argued:

I was involved in writing the SPD for the Objective 1, 2 and 3 Programmes. I have been involved in the programmes since about 1999 when we consulted widely with the sector. The WCVA actually wrote priority three on behalf of the sector. We coordinated the whole process and it was written in consultation with the sector. The basic principle of what is there in priority three now was what was devised in consultation with the sector from day one virtually. But, the approach was different. The approach that we were planning to take in Wales was that this was about the building up of capacity of voluntary and community groups, anywhere in Wales, to start the momentum. There are all the various stages; if you actually look at the priority and you can almost trace the sort of capacity building from training through to capacity building for organisations through to community led action through to social enterprise (WCVA interview).

The Commission's aim to more directly involve representatives and views from civil society is clearly illustrated here. While member states have the final say over the drafts of the SPD, this interviewee points to a quite significant change from previous programmes that were overseen by the Welsh Office under the old Objective 2 programme. In particular, the WCVA and Chwarae Teg had a significant hand in drafting Priority 3 of the programme, which was explicitly developed in order to engage communities and local knowledge in addressing the problems in communities that were targeted for this part of the programme. This interviewee explained what in particular had been acknowledged at European level within this new way of working:

I think the EU recognise in policy terms that, to deliver community regeneration and community renewal, you have got to have appropriate participation and, you know, there is a limit to which an organisation like the European Commission, can influence that. But as far as their responsibilities are concerned I think that they have recognised it. Because I don't think...you know in previous programmes there was participation, partnership and inclusion...that was all talked about, but really it was never put into practice at all. All you had was the programme participants sitting around a table and carving the money up: that's what it meant in previous programmes (community economic resources officer).

The interviewee from WEFO was asked what was the state of play at that point – mid-2004 – regarding the impact being made by the Objective 1 programme in Wales:
In terms of the overall figures, we are making good progress on all the programmes. We have approved well over a thousand projects in Objective 1, 180 projects in Objective 2 and, with all the other programmes at the moment by the end of April it is 1,825. So we are making good progress in terms of the level of commitment, the number of projects approved. In terms of the rate of spend that's making good progress as well. We have annual targets on how much we spend and we have met all of those so far. The Commission did the mid term assessment of us in 2003 and they were happy with the progress; we had the mid term evaluations and then the mid term review and on the basis of that evidence they have allocated the performance reserve which is an extra 65 million pounds for Wales. So the Commission are happy with the way things are going (WEFO interview).

Objective 1 and third sector participation: is the EU listening to civil society?

Having gathered views from the European Commission and representatives from the Assembly and the principle regional administration, this next section considers the views from a range of representatives from some of the groups in the third sector that have been involved in the Objective 1 programme in Wales: many of whom work at the sharp end of community regeneration in these areas. The situation regarding the fate of the coal and steel industries in Wales over the last thirty years has already been covered in chapter 4 where whole communities across the valleys had become what Scott Lash (1994) describes as 'the impacted poor'. According to Lash, this refers to the fate of many of the communities, and other regions that have been subjected to the de-industrialization of many of the primary industries indicative of the rise of modernity.

Adamson (2005:126) has charted the growth and influence of the third sector in this period in addressing 'the marginalisation and social exclusion that the restructuring of global capitalism was imposing on their lives from the outside'. As he further observes,

This indigenous, 'bottom up' development was often based on a conscious recognition of the desertion of such 'poor places' by the state. 'Transformation from within' was a slogan of the community regeneration movement in the Rhondda Valleys during the early 1990s in recognition that help was not forthcoming from any external source' (Adamson, 2005:126).
In this period, the evolution of particular grassroots based civil society activity became an increasingly important conduit in providing some form of welfare and support to the most economically and socially marginalised communities, where many of these organisations grew out of this period of post-industrial decline and, as Adamson (2006) argues, utilized European Union structural funds, Lottery Commission, private trust or charitable funds, and local fund raising in order to sustain the day to day running of their organisations. Many of the groups interviewed for this research developed in this way. For instance, this had been the experience of this community drop-in centre:

Well, the organisation and the strategy were developed out of community action. Basically what happened was the pits shut, years of decline, lack of money and strategic approach by the local authorities; communities began to help themselves. So it was quite ahead of its time in that sense but then that was only due to the fact that the decline in the communities in terms of a) what was being provided, in terms of services and b) unemployment and poverty and social issues that come about...you know like drugs, low self-confidence, low aspirations...There was a group of people started a tenants and residents association: because they wanted to address some of the problems. So, as a result of the campaign, things started to roll the ball really and they got the local authority involved and the local authority worked alongside them to actually help them put together. Now it’s grown into a service organisation, but also part of the strategy is to develop skills within the community and to develop social cohesion and provide more opportunities for the target areas (community organisation interview 1).

This voluntary sector worker in another Valleys community had much of a similar story to tell on the origins of his particular organisation:

The project started in ’94 based on community unrest about anti-social behaviour...there were cars being stolen left right and centre, drugs being openly dealt on the streets. At a public meeting 500 people turned up, blamed the youngsters and the youngsters who were in the meeting they openly put their hands up and said ‘yeah it is us but what else is there for us to do’? From that meeting we are coming up to ten years of existence. I was employed to start engaging people, but when I did the initial research we were finding that you could not deal with young people unless you dealt with them integrated into a community so you have to do it as a community. So we started with that and the first thing we started off with we had youth clubs but then we developed a parent and toddler group because we were going to look at the early intervention of the problems (community organisation interview 2).
This drugs support agency worker had this to say about how her particular organisation had developed around the increasing prevalence of drug and alcohol abuse in some of the more deprived areas of the Valleys:

We work with people of all ages, all substances. We cover a highly deprived area so there are huge issues around substance misuse, alcohol as well as illegal drugs. We’ve been established for nearly twenty years, we started in 85 so have obviously developed greatly since then. Currently we have got 34 staff here delivering a range of services really. So in a nutshell that’s what we are (community organisation interview 3).

Many community organisations interviewed had much of a similar tale to tell. Many of them had grown up around the increasing salience of the social issues that increasingly characterised the deprived areas of the Valleys in the wake of industrial decline. This corroborates with Adamson’s (2006:128) observation that, ‘by the mid-1990s the self-generating practice of community regeneration was beginning to prove its effectiveness at combating social exclusion’.

All of the groups interviewed pointed to these kinds of barriers in the communities in which they worked. Many of them argued that the particular expertise that they were bringing to the situation in these areas was due to the fact that they were having to fill a state service provision that was both declining and unable to adequately address the grassroots levels of social and economic decline in these areas. This Community Resources Officer pointed out the contemporary importance of this type of community group engagement in programmes such as Objective 1:

Well, my view is that if you haven’t got support, involvement and participation from local people, then you can’t have any coherent development that produces results. It won’t happen in an area like this on its own, you know, it has to be supported and facilitated and that is a very difficult process and it will happen at different rates in different areas. But, without an element of it, then much of what the rest of public policy wants to do won’t work effectively. I think that we have seen the result of that in areas like the valleys over the last thirty years where, 30 years plus ago, we had a more stable civil society based on the industrial background of the area. When that was taken away there wasn’t any recognition of the need to support its transition into something else and I think we’ve lost a lot of momentum and caused a lot of instability in the areas like the Valleys because of it.
It's taken people a long time to recognise that and the associated social problems (community regeneration resources officer).

In these regards, the importance of community groups and organisations in the devolution programme in Wales has been acknowledged in the compact developed by the Assembly to work in partnership with the third sector. Jane Hutt, at the time the WAG secretary for Health and Social Services, described the third sector as: 'having a strong and powerful role in supporting us in our work, revitalizing Wales and ensuring that we have a voice that represents people who have been excluded, who have not previously been heard in government' (Hutt, cited in Chaney et al: 2001)

Theoretically then, the advent and ethos of devolution in conjunction with the new partnership approach to the Objective 1 programme has been geared towards fostering a much greater role for the third sector in addressing the legacies of industrial decline in west Wales and the Valleys. What then did the groups and individuals who worked in these areas and were linked into the Objective 1 programme feel about their role in the process? Were grassroots concerns were feeding back up through the policy process to the Assembly and to the European level? This European Officer for a local authority was adamant that this new political and economic arrangement was already bringing benefits to the region:

Yes, I do actually. I think the Assembly has helped with that aspect and having a Brussels Office has made a difference. Whereas it used to be UK wide, I think having more local knowledge of what is happening in Wales, yes it has made a difference and I am sure...I'm pretty certain because I have met a number of Eurocrats in the last year or two, they are aware of Wales' shortfalls, and the good points as well, but yes. And I think that they realise that we are a little bit different to other parts of the country here in regards to having particular regional issues. The demise of the steel industry and the coal works has made a big impact obviously and I think those messages are getting across because they are happening in other parts of Europe as well (local Authority European officer).
Summary

Interview data suggests there are different perspectives on the role of multi-level governance on European integration and EU regional policy reflecting different 'world views' and different roles. At Commission level there is a general sense that European integration is now a more democratic process marked by the multi-level governance or 'flexible integration' model postulated by many of those who seek to make sense of developments in the European political process in the current age. However, criticism drawn from some of these interviews included: the continuing influence of national governments on proceedings, an elitism which continues to mark the European policy process, and an overall policy framework that takes the global economy as its primary frame of reference, favouring those regions who are more able to compete on this basis.

The last part of the chapter drew upon interviews at the regional level and explored the views of AMs, local authority representatives and community organisations themselves on the importance of engaging with 'local knowledge' in addressing social and economic marginalisation in the areas of industrial decline in Wales. Concluding, the chapter finished in signposting the contemporary relevance and increasing influence of third sector organisations in addressing many of the social consequences of market failure in an era marked by the decline in public service provision and by the accelerating activities of the global economy. The next chapter begins to look at the third sector experiences of the Objective 1 process and the kind of impact that they feel they are having on the new programme.
Chapter 7

Objective 1 and Community Development: Democratizing the Economic and Political Landscape in south Wales?

Introduction

Through interviews carried out with representatives from the European Commission, the WAG, local government officials and a number of groups from third sector community groups involved in the Objective programme in south Wales, the previous chapter examined the ways in which European unification may or may not have altered from the days of Monnet era integration and the subsequent legacy of political elitism, whereby an elite, technocratic agenda served to exclude many of the groups and issues that did not contribute directly to this framework of debate. The interview data suggested that in more recent years this agenda has changed in accord with a discourse promoting the need for wider consultation and more direct citizen involvement in market regulation initiatives such as the structural funds. Data from the interviews suggest that moves towards multi-level governance in this policy area is better enabling the EU to adapt to local conditions in regards to improving the efficiency and decision-making procedures that constitute the ‘how to’ practicalities of contemporary regional development. As was pointed out by several interviewees, this is particularly important in the community development measures of the programme that have been introduced, where the uptake of local knowledge and a more grassroots approach, is felt to be important in addressing areas such as social exclusion.
The next three chapters explore interviews drawn primarily from those community and third sector groups and that have engaged, or tried to engage with, the community development measures of the Objective 1 programme. Drawing from the argument outlined in the first half of the thesis, it was suggested that policies such as Objective 1, while purporting to be more sensitive to local needs and regional particularities, are designed first and foremost to address problems in the market. The argument here is that this agenda may be implicit in constructing particular barriers to effective input from the third sector in the areas of the programme in which they should be contributing. It was also pointed out that the danger in this scenario is that, in areas such as community regeneration, local knowledge may not be taken on board in terms of its own intrinsic value, but may perhaps be shaped, for instance, according to its usefulness to a market agenda. Chapter Four also pointed out that things such as local political 'cultures' may be implicit in limiting third sector engagement where a 'one size fits all' approach to regional policy often makes it difficult to adapt EU policy to local conditions.

While many groups and organisations have been successful in obtaining funding and providing projects in Priorities 3 and 4 of the Objective 1 programme, as the WCVA have pointed out, 'despite millions of pounds worth of Objective 1 funding reaching voluntary and community organisations in Wales, research has revealed that there are still barriers preventing the scheme from being a complete success' (WCVA, 2003). Of all the measures in the Objective 1 programme for 2000-2006, Priority 3 – heralded by the Commission and the Assembly as significant in that it is specifically designed to involve citizens and communities in addressing the social consequences of market failure – has been characterised by a comparatively low take up of projects, particularly in relation to those in the other programme measures. Up to the end of October 2005 the total number of
matched projects from the ERDF numbered 249 at a total spend of £99,284,900, while those that had been successful in reaching project stage in the ESF numbered 26 projects totalling £5,602,240. While the number of projects and the rate of spend within the Priority 3 measures has improved from a markedly slow beginning in the first half of the programme, it has been acknowledged by WEFO and formally identified in the Mid-Term Evaluation (CRG, 2003) that this area of the programme has been characterised by particular difficulties. A research project in 2003 for instance, conducted by Cardiff University in collaboration with the WCVA, exploring the extent of third sector community participation in the Objective 1 programme estimated that ‘only 24% of the funds allocated to Priority 3 had been spent or committed to date’. This low take up has been acknowledged as problematic in ensuring the success of these measures where, in particular, the potential for innovation is obviously dependent upon sufficient engagement and consultation with the expertise of community groups and organisations. In Chapter Four, Benfield (2003) considered the particular structural difficulties that have often served to mitigate against effective engagement for much of the third sector in this part of the programme.

The next three chapters then each consider different aspects of what community groups feel have been the main barriers to effective engagement for them in this part of the programme. The following two chapters explore respectively, the bureaucracy that many of the sector feel has been characteristic of the funding process, and also the problems in building capacity. Both of these were areas became recurring themes in the interviews that were conducted with community organisations, along with how partnership working was being experienced by the sector. As argued in the previous chapter, it has been claimed that partnership working has been the particular innovation that will facilitate
effective engagement for the third sector in the community development parts of the Objective 1 programme. Therefore, this chapter focuses exclusively on this area of the programme and explores how community groups and organisations see themselves within the new political structures that have been developed and been put in place for the 2000-2006 funding period.

Partnership and Objective 1: ‘new governance’ for regeneration in the West Wales and the Valleys?

I mean... the whole ethos of economic regeneration in this part of the world is now based on partnerships of one form or another. So that’s changed significantly over the last 10 years.... I mean 10 years ago everything like this was seen as being a role of the council, of the local authority... being driven by the local authority; that’s changed now and the Objective 1 programme has helped to change that. That’s something positive that has come out of the programme in fact (community economic resources officer).

As Bristow et al (2003:9) have pointed out, ‘the ability of the National Assembly to facilitate a more responsive and inclusive approach than the political strategy that was adopted by the former Welsh Office, was one of the main arguments put forward by advocates of devolution’. While the ethos on partnership and partnership working has been a general development across Wales since the advent of the Assembly, their form and implementation have been variable according, not only to the issues at stake, but also to the local circumstances within which the operationalisation of the partnership structures has taken place. As Benfield (2003:49) points out, ‘the Objective 1 partnerships are the cornerstones of the process and are quite clearly the way forward, not just for Objective 1, but also for other initiatives and schemes in Wales also’. Again, Benfield includes a cautionary note on this scenario, pointing out that, although based upon the three-thirds principle ‘these partnerships must be true partnerships where everyone has an equal say and is able to make a valid contribution’. As Benfield argues, while the emphasis on partnership working may be applauded for its ‘innovative’ approach in instigating a new
approach to community development, as far as areas such as Priority 3 are concerned, the true test as to whether this way of working is 'happening' for the third sector, and community organisations in particular, is how much involvement and input can be discerned from the groups and organisations representative of this area of civil society and subsequently the views and issues that they correspond to.

As argued above, much of the ethos surrounding the three-thirds partnership approach was to try to break down the ability of the bigger organisations to monopolise European funding: a problem that had patently existed under previous regional development programmes in Wales. Criticisms of the previous 1994-1999 Objective 2 programme for instance, concerned accusations that funding and decision-making tended to converge around the 'usual suspects' – notably the Welsh Development Agency (WDA) and the local authorities – with the Welsh Office being complicit in an economic strategy that was inherently inefficient and unaccountable. However, as Bachtler (2003:35) points out, prior to the arrival of Objective 1, 'there was much more extensive consultation with partners and wider groups and organisations during the preparation of the Single Programming Document'. Aligned to complement the WAG’s own subsequent economic blueprint *A Winning Wales* (WAG, 2001), as summarised in Chapter Four, the 2000-2006 Objective 1 programme has been based principally on strategic collaboration between ten thematically based *regional* partnerships and fifteen geographically based *local* partnerships. These are augmented by a further four *strategy* partnerships. This more joined-up approach has been regarded as being particularly innovative to the newly introduced community regeneration measures whereby a more direct involvement of the groups and organisations who hold 'local knowledge' on issues such as poverty and social exclusion is thought to hold the
potential for a more effective problem solving strategy than previous top-down policy approaches.

As one of the architects of Welsh devolution, Ron Davies has argued, political inclusiveness is 'a willingness to share ideas, to talk to others, to include those with common objectives in the pursuit and exercise of power' (Davies, 1999:7). In this way, the democratic ethos behind the partnership approach, and the way in which it was hoped that this new strategy would be instrumental in shaping the agenda of the new community development measures in the Objective 1 programme, was explained by this private sector representative on the Objective 1 monitoring committee:

What we wanted to achieve was a sustained commitment and growth and culture change in terms of partnership. And that was greatly influenced by the how we used the money; not just what we used it for. So we were very aware of this and I am a firm believer in these aspects of the programme and what we are doing because Objective 1 finishes soon and hopefully the change in culture and in the way we work will be a little more 'bottom up' and a little less of the 'top down' and far, far more partnership working in Wales that will carry on forever (Objective 1 Monitoring Committee interview).

The importance of the partnership principle in reaching a wider section of society in order to start changing the 'political culture' that had characterised previous programmes and the way in which they were applied, was all important he argued. For instance, while the top-down oriented approach of the statutory sector's method of service delivery patently needed review, groups and individuals that this had previously been 'done to' needed to be made aware that they could no longer sit back and 'let' statutory agencies, such as the local authorities for instance, deliver services; they also had an active part to play in deciding, and providing input to, the most 'appropriate' delivery mechanisms within changing economic, social and political circumstances. Likewise, agencies such as local authorities - organisations that had developed with a very strong culture of central control and
delivery – now needed to be made aware that they no longer had the monopoly over public services and were now under more scrutiny in the various functions that they performed.

In fact, some local authorities had themselves taken an active part in this restructuring approach where changes in some of the geographical boundaries and activities undertaken by local government, initiated in the Local Government (Wales) Act in 1994, meant that a reconfiguration of service delivery was necessary in some of these areas: breaking down the traditional dichotomy that had existed between the roles of local councils and other potential service providers. Evidence of a closer working relationship between the local authority and third sector organisations was evident in this particular Objective 1 area, where close consultation and strategic planning between the statutory sector and community agencies had resulted in obvious changes such as the employment of a ‘specialist’ community resources team. The role of its coordinator, or community resources officer, was to work within a more autonomous basis from the direct employment of the local authority and more closely with the community in order to facilitate effective partnership working. As one such community resources officer explained, the role of his team was to support and coordinate an inclusive partnership approach where the local authority is one voice within an equal partnership structure. As he argued, this is particularly important in areas such as community regeneration where the input of local knowledge has been acknowledged as being crucial to the success of the revamped ethos behind Objective 1 and other initiatives such as Communities First. He had this to say about how the impact this example of partnership working was facilitating the effectiveness of the Objective 1 programme in this area in regard to incorporating community groups more fully into the process:

From my perspective, the management of the parts of the programme that relate to community regeneration have really been led by community organisations. I think that has
definitely been the case and it has been quite a big success for us. I think the current programme period really has made a difference and I don't know how much you can put that down to EU level policy, it's difficult to say; but I think that certainly for us it was very helpful. Yes, things have changed and within the economic regeneration partnership we have got...below that we've got interest groupings which contribute towards the work and we've got one for community regeneration (community economic resources officer).

He pointed to the significance of the more joined up approach demanded by the Commission for the Objective 1 programme, but particularly by the way in which his area had been able to carry on this initiative in utilizing the partnership strategy to greater effect at local level; tailored very specifically to the needs of this particular community. One of the primary aims in this initiative was that this political structure would provide a more effective conduit through which local knowledge of community needs could establish a more effective voice. Community groups, he argued, were indeed now able to provide greater input into the overall strategy for the programme in this area and, in particular, to contribute the specialist knowledge needed for the Priority 3 measures. As he pointed out, his particular area had been very successful in setting up a cohesive partnership structure where the Priority 3 monies, and relevant pots in Priority 4, had been used effectively by a range of partnership linkages where the input of the community organisations had contributed towards a wide range of projects within the community development measures. As he went on to explain:

For us, from the outset really, in 2000 we used the policy context of Objective 1 in EU regional policy...as part of the EU policy framework for regional policy...we used that to try to drive our partnership framework in and it was very helpful to do that. It was a bit of like a carrot and a stick...like to participate in Objective 1 you have to establish this partnership but we used it in a way that was appropriate to what we wanted to do in this area so we didn't just set up an Objective 1 partnership we set up an economic regeneration partnership which was much more than Objective 1 (community economic resources officer).

This community group interviewee from the same area concurred with many of these views regarding the effectiveness of the partnership agenda in regard to the Objective 1 programme:
As the decision-making process unfolded as to whether we were or were not going to get Objective 1 status, people were engaging with it quite early and trying to get their head round it. What we were all trying to do, there were various forums and networks which involved the voluntary sector more fully. What we all tried to do I think, was to influence Europe to try to say to them 'we don't want what we've had before. This won't work if things stay the same' (community group interview').

The impression formed from these interviews was that, while changes in the political culture in Wales were instigated in part from demands made by the SPD, these were now developing in conjunction with the new WAG commitment to working more closely with the third sector. New partnership working methods have been particular innovations in areas such as community development. For instance, the higher profile that was afforded to the WCVA and the CVCs has been seen by some as significant in being able to give more of a voice to the community groups and in increasing access points to funding structures to many of the smaller capacity organisations active in civil society. As a fund manager for this particular CVC explained:

The problem has always been about how you get the money into the communities without going through the political processes...through that council process...I don't think that we have necessarily got it all right but I think that each area is going to evolve. It's [CVC representation] made a big difference to a lot of small groups in this area, the fact that that money has been there and we have then been able to channel officers' energy and time into supporting local groups. We are able to work with these small groups and we been able to work with them to apply for their own funding for small projects and, only last week, there were awards for another round of announcements where the groups in this area pulled in about £14,000. Now it doesn't sound a lot, but if we hadn't been there to support those groups then they would not have had that £14,000 (CVC interview').

She went on to say:

It [community development] goes back a long time if you read the literature, there was always a problem with community development and how you stop the top down approach. I think that the way we are doing it is different. I was talking to some colleagues in another area and they do it differently down there: they do it differently according to how each authority has evolved. But basically the principle is a partnership board of some variety and resources going into the community. It's certainly not like it used to be which was a bunch of councillors doing it...the idea is that it comes from the community (CVC interview').
What these interviews seem to illustrate, is that there are now a variety of ways through which community groups are now able to actively engage in Objective 1 and the community development parts of the programme. As this interviewee pointed out, greater support from the statutory sector in opening the door to funding mechanisms such as Objective 1 depends largely upon the 'embeddness' of the particular local political structure and how and if it has evolved and developed from around the time of the local government restructuring of 1996 to changes instigated from the Assembly and from the European Commission. Organisations such as the WCVA, as an umbrella representative for the third sector for example, have been instrumental in providing an effective link between community based groups and organisations and the Assembly where they hold three seats. Some areas — such as the ones that now employ staff to work alongside the local authorities specifically to liaise with the third sector — seem to have been able to utilize the changes demanded by the Commission into an efficient partnership working approach that is primed specifically to be able to draw upon the expertise of community organisations. Likewise, as the above interviewee pointed out, many CVCs have become bigger players in providing an effective conduit through which to engage community organisations.

Objective 1, partnership and community development: reaching the 'grassroots'? 

In line with the new partnership approach to the structural funds in Wales and the greater emphasis that has been accorded to democratic engagement in the programme, this chapter now looks more specifically at some of the first hand experiences of grassroots community organisations within the partnership structure. It will consider whether partners that have been involved from community organisations feel that they have been heard and have been able to make a contribution to the programme by way of the issues they address and
consider being important in their areas. While there are undoubtedly greater points of contact and a rhetorical awareness of the importance of local knowledge and grassroots community input, do these groups and organisations feel that they have been able to provide adequate input to the programme?

Here is a selection of responses from some of the community organisations that have engaged in the new partnership networks and have been successful in obtaining grants in their respective areas of community work in securing funding under Priority 3, and also from some who have been successful in accessing Priority 4 where this has been appropriate to their needs.

This individual, working for a third sector community group for instance, represents a crime prevention organisation that has been set up in the Valleys. While his organisation had been in existence since the mid-1990s, he argued that, first and foremost, access to European funding under the new Objective 1 strategy had given his organisation a chance to develop and become partly independent of grant aid. He explained how, in particular, the three-thirds partnership principle had worked well for his organisation in enabling them to obtain European money:

Well, to gain funding, especially from Europe, so we thought, well we are the third sector, we are the voluntary sector, the local authority was here because they employed a neighbourhood watch co-ordinator at the time and the police were here because they had a police officer and a school liaison officer. So you had the police, the local authority, and the voluntary sector who worked in a partnership office; which is what they wanted three thirds isn’t it? And that’s how it started. And of course, because they were working in partnership, the salaries became match fundable as well; so that’s why we started doing the match funding – they match funded their salaries. So then the money situation rolled on with it (group interview 2).
This Local Authority European Officer pointed out that the local authority in his area had been successful in building links with the local community regeneration partnership in accessing money from Europe:

We have been very fortunate. It has been one of the first ‘Communities First’ partnerships to really get going I suppose and it’s just starting to see the benefit of the money that is coming in. There are, in our list of approved projects on community regeneration, there is one in there for a community development co-ordinator, which is one of the first posts for the community first organisations if you like, and that was set up with Objective 1 money so we were pretty switched on to that early on and it really seems to be going well (local authority European Officer).

This next interviewee was employed within a ‘community revival’ organisation, working closely with many of the issues, individuals and groups characteristic of social exclusion in that area. The organisation – in existence since 1994 – also had a history of accessing structural funding which stretched back to successes under the previous Objective 2 programme. She argued that the new emphasis on partnership working had been invaluable in helping her particular organisation to be more effective in accessing money under both the Priority 3 and Priority 4 measures of the programme:

Well, the project was established on European money initially and a combination of Welsh Office and that was matched in Europe under Objective 2, then from that we’ve just had small amounts of money; varying amounts of money but generally under ESF training and development. And now Objective 1 has come in, what has happened is it has broadened the way we can access funds if you like. We have topics that we can access funds under and there is a community priority now, which means we can go in on that (community group interview).

The new emphasis on partnership working had also been an important political innovation in enabling this community organisation – again one which was set up with the aim of tackling social exclusion in that particular area – to become more established and also more influential in addressing the particular issues that marked out the surrounding community:

This is the second lot we’ve received. But this time we accessed it as our own organisation. When we started as a small group we didn’t have the capacity to deliver or monitor an Objective 1 bid but over the course of a three-year period we were in a good
position to be able to do so. It was important for us to do that so that then we could be in a position to be able to control and deliver to the community (community group interview 2).

The advantages of this new way of working are also apparent in these interviews, where this CVC official summed up the potential benefits of the programme for fostering effective partnership working:

To bring Objective 1 closer to the community and also to assist...because you know there are lots of community projects that have got very, very good ideas, they’ve got the will, they’ve got the commitment and its projects that will make a difference in the community. But a lot of community groups haven’t got sufficient capacity really to deal with all of the administration and the monitoring and all of those types of things yet I think that this is a step up and if we can assist in this way and to access European funding then groups become more confident in the way that their organisation is set up with things like advice on charitable status and policies and procedures then that will build their capacities sufficiently (CVC interview 1).

Priority 3 and community regeneration: a new solution to old problems?

Community development begins at the point where local people move from the position ‘someone should do something about...’ to ‘we should do something...’ European funding of over £150 billion is helping communities to become directly involved in shaping their own futures. Resources are being directed at the most deprived communities to tackle the root causes of problems such as poverty and social exclusion, and to encourage community capacity building. In doing so, European funds are complementing Welsh Assembly Government strategies, notably Communities First (‘Towards Prosperity, WEFO 2004:47).

In this way, much of the language from the community groups and organisations that had been successful in obtaining European money from Objective 1 pointed, not only to the obvious benefits in obtaining money for their organisations, but also to the fact that the programme strategy, and the partnership approach itself, had become instrumental in beginning to inform some important changes to the political culture in south Wales: a culture of which there was general agreement among interviewees, had historically served to exclude the majority of third sector organisations from accessing mainstream European funding in the past. While Objective 1 had brought obvious advantages, such as specifically aimed measures designed to address problems in the targeted areas, it was agreed that there were now more points of contact through which to influence policy. As
has already been pointed out, this has been particularly important in regard to the principle of 'partnership working', where the three-thirds strategy has meant that, theoretically, community groups now have a higher profile in the planning and decision-making process in the areas in which they reside, alongside the more established roles of the local authorities. Many of the respondents argued that the culture had begun to move away from that of the old Objective 2 programme where the money had tended to be carved up between what one of the interviewees described as 'the usual suspects' – agencies such as the local authorities and Non-Departmental Public Bodies, or ‘quango’ organisations such as the WDA – and those that had the capacity to access the more ‘impersonalised’ political structures that had been characteristic of previous structural fund programmes.

However, this was not a view that was shared by all. This interviewee representing one of the more successful community organisations in terms of accessing European money in influencing partnership boards had this to say when asked about the impacts that grassroots community projects had been able to achieve in general and what he felt had been the overall contribution of the third sector to the regeneration measures of the programme:

Yes those are successes. But, I what I would be wary of is that you are going to see that and say 'here it is, Objective 1 worked'; but it hasn't necessarily. Like I said, all this could fall down if they don't get their heads right and say 'hang on a minute, we can't just do little bits of funding here and there and for everyone to say 'we had £980,000 worth of successful projects and £603,000 worth of European money'. But I mean, when you actually look at it, the funding that we have utilized is not bad value for money certainly compared to the local authority budget: 42 jobs created over 3 years. But its sustaining it isn’t it...and the point is, what they are saying now and my understanding of the tapering down is that it is going to take it down to 75%. But the forecast is that they are only going to spend 63% of our current allocation and that is across the board (community group interview).11

The next section looks at what some of the problems have been for community organisations in particular in influencing the partnership structures and accessing money for regeneration projects. It looks in particular at criticisms that have been made of some
of the local authorities on the partnerships, considering the observation of Geddes and Benington and their argument that:

At the local level, the emergence of horizontal partnerships between different actors depends on the structures of power and the way in which it is exercised (Geddes and Bennington, 2001:12).

Managing the agenda? Local authorities and partnership working

Many interviewees working for community organisations remained sceptical as to any great changes that could be discerned within the 'new' way of working, particularly in regard to better and more democratic working relationships with the established agencies such as the local authorities. Some interviewees felt that the greater emphasis on partnership collaboration had simply meant that newer exclusionary measures were restricting access for many groups. One of the criticisms was that there was now a noticeable level of rivalry within the new partnerships, reflecting in part an increased emphasis on competition that is now apparent in contemporary public service delivery. It was pointed out that these diverse agendas mean that partnerships are, more often than not, marked by antagonism rather than trust, mutuality and cooperation and the kinds of social norms that writers such as Putnam (2000) suggest underpin healthy levels of social capital. It was the continued dominance of many of the local authority structures, in particular, that drew criticism from many community group interviewees. As this community group leader explained:

Well, I am not trying to paint a bad picture of the local authority; with the tenants compact and with these focus groups they are trying to engage more with the community but is it too little too late? They should have been doing this five years ago. They are doing this now [trying to engage with the community] but I think that it’s just too late you know. You know at the end of the day these people just don’t care, well they do care but it’s the priorities (community group interview 3).

This same interviewee became more animated and more explicit as to what she saw as the particular problems with the partnership structure in her area when asked whether the local
authority in her area had been an *enabling* partner in helping her organisation in developing projects and distributing the appropriate regeneration funds resources in her area. She had this to say:

> It's the local authorities that are the level of bureaucracy and I can't understand why the National Assembly are still feeding through to the local authority - why can't they meet and deal with the communities directly and engage with the necessary dialogue at this level? And we are the only area out of the six main areas in Merthyr, and three sub wards, we are the only ones to employ our own co-ordinator. Every other co-ordinator, the lead organisation is the local authority (community group interview 3).

The importance in employing a 'co-ordinator' that is directly affiliated to a community organisation, or having someone on board with knowledge of the system - someone who is able to provide proactive input and expertise on partnership boards for instance - was seen as crucial in helping to give a degree of autonomy and influence to a community organisation such as their's in what she saw as a highly political arena. As this interviewee explained, this is particularly the case where the dominance of the local authority still presides and may otherwise dominate proceedings to the exclusion of organisations such as theirs. As she pointed out, it became a necessity for their group to employ someone in this capacity in order to push the particular agenda of their group: someone who could keep them 'in the loop' as to what was happening and what needed to be organised in relation to European and other funding opportunities. As this interviewee pointed out from her own particular experience, in many cases local authorities have their own political agenda and, as such, cannot necessarily be counted on to take an impartial role in supporting and encouraging the activities of third sector community organisations. She went on to provide an illustration of this in regard to the Objective 1 community plan for their particular area, which as she pointed out, should have been drawn up in active consultation with the community as part of the programme strategy for the relevant parts of the Objective 1 programme:
It makes a massive difference having this co-ordinator because then we are not necessarily working to objectives set by the local authority, because the local authority prepares a draft of a community plan. It happened three weeks ago. We had a draft of the local authority community plan through the post and they said ‘give us your thoughts’. And I sent it back and said ‘you’ve already developed…you already know your thoughts. You haven’t asked us as a community’. There were no questions for us to ask…it had already been formulated. I think that it was just so that they could say that they had consulted us. And we are like ‘that’s not consultation, that’s not participation’ (community group interview 3).

As she argued, this organisation had done their own research into the particular problems that existed in their community with a view towards consulting with the local authority on an equal basis so that a joint action plan could be drafted through which to access European money and, subsequently, to fund appropriate projects in their community:

Yeah, well when we started getting all this evidence…and that is why we did this report, because we wanted to make a difference with this Objective 1 money. It’s easy enough to just go on courses, you know, that wasn’t it. So we really did the research and we independently wanted to sit down and write this bid up ourselves. On this project, we have been asking people ‘well how are you managing, how are you coping?’. We did a different package of questionnaires: ‘how are you managing, you know, here is a pen…write it down and show us how you manage’…because until we start looking at those barriers then they are never going to engage in anything because those barriers are always going to be there (community group interview 3).

However, as she pointed out, the local authority had already drafted their own action plan for the area: a plan that had been drawn up without any consultation from their group as so-called equal partners on what was really needed in that community. As she argued, the research that her organisation had carried out was specifically designed to find out from the community what they themselves needed. As she stressed, her group had representatives who were supposed to be consulted through the partnership board on the three-thirds agreement. This did not happen. While the local authority did send her organisation a draft of the action plan they had drawn up, she pointed out:

I just sent it back and said ‘we have got our own community plan here, and if you’re asking me to give us your plan, because at the end of the day our plans are what the community says they want, we can give you our community plans and you can fit that into your overall strategy, and until you can do that don’t ask me about community plans. Because it shouldn’t be you enforcing your views on the people in the area. It’s like them trying to impose their vision on the people here and it doesn’t meet our needs, because it isn’t, you
know, its different levels. But not once have they said 'ok well we have got to start developing a community plan (community group interview 3).

What became clear from the perspective of this group’s experience is that the interviewee felt that there was merely a ‘tokenistic’ consultation with her organisation. Here she felt that the ‘partnership’ strategy in this area had been driven by the agenda of the local authority and consultation had in effect taken place after the real decisions – the ones that would ultimately impact on funding decisions – had already been made. What was the particular expertise that the local authority had missed in their action plans that her organisation would have contributed and what were the issues that had come out of their own action plan?

The way we looked at it was that individually – and we targeted the most marginalised people on the estate and those that didn’t engage very easily – and we split it up into personal, structural and social barriers. Obviously the first one is childcare so we looked at integrating training because of childcare...and women would only do it if it benefited their children...you know if they wanted to do IT but only to do homework with their kids or normal things like cooking classes to make their home environment better. Then we had to find out ‘well what childcare do you want’? You know, do you want your grandparents to look after them and get paid; do you want a crèche; how far away from you do you want them’? (community group interview 3).

She pointed out that while the local authority action plan had a section for education and training in the community, she felt that it had failed to recognize the specificities and particular social issues that had been identified first hand by the research carried out by her own organisation:

And we just went in that way. We found out that they wanted training, but basic stuff like plumbing, carpentry...they never even thought about running their own business. They are more likely to want to stay with something that they know, or that they are comfortable with. That’s what it was, but the barriers from doing that; they are living in isolation and need the confidence to go and do it in the first place and there is also a lack of family support to do that if they have got young children and at the end of the day that benefit...you know, they know that they would have that every week. You know, if they went into employment, there are no guarantees anymore (community group interview 3).

This community regeneration worker who was interviewed also pointed to the significance of what she observed as and undue influence by local authorities in some areas, which was
often accompanied by a distinct lack of input from the grassroots level on the decision-making that went on in partnership boards in the places where she had been involved in research. As she argued, on the way that the Objective 1 programme had been administered:

> It's been very top-down so far in its implementation. And because local authorities have been chosen for...I suppose very good reasons: they are democratically elected, they are accountable and they have the processes in place where they can be employers etc. It still means that those old prejudices and ideas which exist within the insider mentality of the local authorities are passed down into those partnerships. And it just gives that kind of double prejudice and double kind of brick wall that people in communities have to work against. Idealistically, the idea of partnership does increase participation but in reality, and the pragmatic sense, it doesn't always manage to do that. There are examples where it does, but those are few and far between at the moment. You just cannot physically run community regeneration like that; it's quite an organic process (community regeneration worker).

She felt that in many areas local authority dominance was often driving the Objective 1 agenda where this influence could also be observed in other regeneration initiatives such as Communities First. In the relevant areas of the programme such as Priority 3, she argued that this could provide a real barrier to effective contributions from community groups and organisations. As she pointed out, while partnership working and collaboration may look to be the way forward, in regard to both the Objective 1 and the Communities First programmes:

> There is no validation process to looking at how these partnership boards are constructed and how they actually operate. I think that this is poor. In England they have to go through a validation process to look at how the local-strategic partnerships work where they have to give in minutes and lists of their partnership members. Building a good partnership takes about ten years. If partnerships consist of wholly professional people who are used to attending meetings and have the confidence to get their voices heard...these things still take a long time to get a balance and unless you have a really, really powerful chair then, very often, I think these partnerships are hijacked by people from the voluntary sectors who usually have professional backgrounds and also local authority members. I think community people need empowering to be able to join in on these committees and to get their voices heard (community regeneration worker).

This interviewee from the private sector, who is on the Objective 1 Monitoring Committee, pointed out that it can be useful to look at the changing role of the local authority in more
recent years in order to try to locate some of these agendas, particularly in regard to how
local political cultures can play a part in shaping the ways in which community
regeneration is played out in programmes such as the Objective 1 programme and also
Communities First. In particular, he pointed to the use of political strategies in the face of
increased ‘competition’ for services. He argued that, in the delivery and increased
validation of services, some local authorities often try to control the agenda and the extent
to which community involvement may ultimately pose a threat to the delivery of services,
which may traditionally have been the job of the statutory sector:

If you look at what local government does now, it does its core business and a hell of a lot
that isn’t. If somebody else is successfully engaging with the community and community
development...out of the process may emerge a community leader who will then at the
next election stand a brilliant chance of standing against me and winning. I will then lose
my power base. So, what’s the answer? The answer isn’t not to do it, the answer is ‘I will
do it, and that way, I will take the credit and get re-elected’. The more they do, the more
staff they get, the bigger grade they get, build their little empire, build their income base.
Those dynamics have fuelled a culture where local government is focusing, not solely on
delivering excellent core businesses or core services to the community, but has developed
into this monster that wants to control and do everything. And they do that on the banner
of democracy. They say ‘we are best placed to do this because we are the democratically
elected representatives of the people. Who are you to come in and do this? Who are you
accountable to?’ It is a strong argument and that creates a culture that is a block to real
grassroots community development and capacity building. (Objective 1 Monitoring
Committee interview).

This interviewee also pointed out what he perceived to be some of the issues that have
begun to surface in some of these newly forming political arenas, particularly in places that
have traditionally been dominated by local authorities:

Yeah, I’ve sat in on meetings; partnership meetings in communities and the local authority
members are there and you can see that they are very resistant to empowered communities.
I have also sat in on at least one or two where residents have leaned over the table and said
to the councillor ‘if you don’t sort this out mate, I’ll stand next time and I’ll get elected’. You
know, this is a very direct threat. And even when it is not that direct, even when it’s
only implicit, it’s still a bit of a spur to the local authority members. They have to give up
some of their power (community regeneration worker ²).

The issue as to who drives the agenda, and in what context that agenda takes place, was
flagged up as a very important issue in several of the interviews with community groups
and organisations. Rather than being equal partners with the third sector in a joint approach to revitalizing marginalised communities, some local authorities are seen by these groups as constituting a direct hindrance in being able to access European money and provide input to the development of effective grassroots projects. Some actually felt, for instance, that many of the projects that had come out of the Priority 3 measures, where the lead body has been the local authority, were simply ways through which these agencies could tap an alternative funding stream for the benefit of their own organisation. This community volunteer when asked whether he thought that there were any differences in Priority 3 projects that were led principally by local authorities pointed out the issues involved in these projects. Did he, in his experience, think that they were ultimately representative of what community groups had to offer?

No, it’s just an alternative funding stream for them. I honestly know this. They just use that as an avenue to underpin a lot of their services. Myself and a colleague were probably the biggest voices in stopping a lot of this because they would come through...and because we work at all levels; we work with young people, and we’ve been with a group to Ireland, and I’ve also worked on the partnership board level...so when they start talking about things I can see what’s actually happening. And they will say ‘well this project is coming through and it’s gonna be this...this...and this’...well I know that that, and that already exists but that funding stream is due to run out. So what they do is change the names of the officers and just apply for that money (community group interview 4).

Again, this interviewee felt that, certainly in this case, the activities of the local authority had been a barrier to community groups engaging in this area. He felt that in many ways European money was no different to any other source of funding for groups such as themselves. He illustrated the way in which this increased competition for service delivery was ‘squeezing’ groups who were not able do draw upon a ‘traditional’ power base such as that held by some local authorities. He illustrated this, through the story of a voluntary organisation that he had helped to set up in order to address the problems faced by disaffected youngsters in a Valleys’ community and which, up until then, had been run, initially on European money, sustained through further bids, and match funded
accordingly. However, he suggested that, although this project had been successful in engaging large numbers of disaffected youngsters – some of them into jobs and training – funding was allowed to run down through poor support from that particular local authority, while they then set up a similar project at the point in which the project had to close down:

This [Objective 1] is no different to any other funding structure...the closure of Oasis fell down on partnership working. £1.2 million are allocated through the children and young people’s framework for partnership, not European money but you are talking about the same principal here of allocating monies...is that Oasis had sorted the stuff out about match funding with their existing funds. They came through that and the officers and the council ring fenced £250,000 for Ethos as a project; even knowing that the Oasis project was closing. You know, they are prepared, instead of investing into something that was meeting the needs of young people, prepared to soft line it because they didn’t have control of it. And that was the issue: they didn’t have control over it and they don’t have control over the voluntary sector and they are afraid of that. The way things are going in government at the moment they are looking at project management, they are looking at best value, they start looking at things like that so when they start to do best value and they start to compare that with what they do to what the voluntary sector do, the voluntary sector win hands down a lot of the time (community group interview 4).
community itself. As the interviewee from the Objective 1 Monitoring Committee observed:

There are some local authorities that are better than others. But, even then, you still come up against those strong and very emotive personal position blocks which are, at the end of the day, power relationships. At the end of the day, if I want to empower you, I need two things: the first thing I need is power; I have to have the power to give to you. The second thing I need is for you to want it. Now if those two things or any one of those two things are not in place then we are not going to get anywhere. So, when you look at this, whether it is an individual or a community or an organisation, it is purely and simply a question of power; giving up power. Now not many people or organisations find that an easy pill to swallow. Now it goes to the core of what is local government and what the public sector are all about. Is the public sector about being directed and doing everything, or is the public sector there to facilitate the right solutions delivered by the right organisations? So that is a huge culture issue that we've got to deal with (Objective 1 Monitoring Committee).

The situation was summarised from the viewpoint of this community regeneration worker on the problems of community engagement and grassroots participation in the Objective 1 funding process in respect of the problems that she felt were posed by the dominance of local authorities on proceedings:

I cannot see the support structures there...they operate patchily across Wales. I've spoken to many, many people in community organisations that say that they cannot get the support that they need. And that's from voluntary sector or bigger organisations as well as from local authorities as well. So all I can see is that there is this new bureaucratic layer coming in and the power, yet again, is being handed to one or two big bodies. It's almost like the old Tory idea of trickle down and of course it never trickles down, it stays exactly at this new level (community regeneration worker).

As Misztal (2000:9) points out, while the emphasis on partnership, particularly in addressing issues of regeneration and social exclusion, assumes a degree of 'trust' we need to look beyond blind faith in trust and check the accountability, transparency and goals of reciprocal networks'. This is an argument corroborated by Taylor (2003:56) who argues that networks, such as those characteristic of partnership working, are often 'private and opaque rather than public and transparent'. Taylor goes on to suggest that networks of association can be implicit in creating a particular set of norms where the more 'informal' processes that lubricate partnership working, where 'illegal activities can take on an aura of
normality and members come to be protected from external sanctions' (Taylor, 2003:56).

Thus, it was felt by some of the interviewees in this section that some local authorities are able to exert greater influence even within a supposedly democratic partnership structure that, in many cases serves to exclude the 'weaker' members of these affiliations, such as those representing community organisations. This is a situation that has been pointed out by writers such as Blaug in regard to the increased emphasis on 'partnership' and 'partnership working' that underpins much of the ethos behind regeneration initiatives in general and the democratisation of the policy process in particular:

It is often assumed that representative democracy will be strengthened by participatory democracy, yet time and again we are unable to locate and motivate the active citizens required by our designs and often these political reforms fail to impact upon entrenched inequalities; merely offering easier access to carefully controlled spaces in which to sanction elites (Blaug, 2002:103).

As this CVC interviewee pointed out in relation to how she perceived the role and input of community organisations in Priority 3:

Civil society, I put the emphasis on the civility; are you really being civil here or are you being totally unrealistic? Are you looking for a partnership approach so that you can say that you have consulted with a couple of people? I have come across a couple of cracking bids which...are partnership bids but when you look at it, the local authority gets 3 million pounds and the two voluntary sector groups in the partnership get 8 thousand pounds each. That's the sort of scale of things. The local authorities bid is to do work that they wouldn't have been able to do otherwise with the voluntary sector or with community groups and the only way of making sure that it works is to make sure that they've got community groups involved. But it is such an unequal partnership that the ability for it to go wrong is huge and it may just be tokenistic (CVC interview 3).

This interviewee from a drug support agency felt that much of the 'consultation' thought to be a major part of the process had been just that: consultation. While the partnership structure may have served to legitimate the democratic credentials of the process, she suggested that there was a long way to go before the process could be considered in terms of being truly democratic: certainly in terms of community engagement and participation. As she pointed out:
It's about whether it is a lip service thing really isn't it? The community have been consulted to death and if they don't see any results of that consultation then it's just going to alienate them even more. But that was the idea with some of the European money, to have some quick wins so that people could see a difference, see what difference Europe is making. Because that is the way that you get communities energised and you can only get regeneration if the communities are energised. But this idea of consulting them on everything, and I know it's a good idea in principal but it's a lip service thing in most of them. So, 'what's the point, if its final, nothing I say is going to make a difference'? So I think that there is a whole see change that needs to take place there about how they consult (community group interview 9).

The importance of community development programmes in 'raising consciousness'

Almost all of the interviewees in this part of the research suggested that, despite some of the obstacles that have been apparent in the new partnership working practices in the Objective 1 programme, this is still the way forward in regard to widening participation and in addressing social and economic marginalisation. This community regeneration worker for instance argued that the programme has informed a 'consciousness raising' role where traditional hierarchical structures, such as local authority dominance, will become more open to challenge in the future and the third sector may well become more of an equal partner in areas and on issues where this has not yet happened. As he explained:

Its early days and I always say that it's gonna take...you know, five years to unstitch the old municipal model and come down to the community centred model. By municipal model I mean that communities get things done to them by a range of statutory agencies within a legislative framework determined by the central state. You know, if you think that that is the model that has taken a hundred years to evolve and some of the new approaches like Communities First, New Deal for communities is actually an attempt to put control of some of those services in the hands of the community. You are not going to get that happen overnight and so there is a sense in which things like communities first and new deal for communities have opened a kind of a Pandora’s box of community activity that you can’t put the lid back on basically but it will run through to its logical conclusion at some point which is much more control for local communities (community regeneration worker 2).

He suggested that the programming aspect of the Objective 1 programme has played a part in informing a process whereby the third sector will play an increasing role in changing the local political culture as part of an informal process of 'capacity building':

I mean, obviously there is a formal process where, you know, community members can now sit on regeneration partnerships. They are there now as a third of the three-thirds
model and in that sense it gives them a balance of power. What many communities lack of course are the informed and confident members to sit on those partnerships as equals and feel strong enough to exert their role and that...there is a consciousness raising process there and it's a capacity development process as well: it's getting people to that position as quickly as you can. And, you know, loads have (community regeneration worker ²).

Summary

This chapter has considered the argument surrounding the democratisation of the structural funds through the partnership agenda underpinning the 2000-2006 Objective 1 programme in south Wales. The structural fund reforms that have been instigated by the Commission since 1988 have been geared towards facilitating greater partnership working and, more recently, greater citizen involvement in newly developed areas of policy such as community development. This has chimed rather neatly with the political ethos surrounding devolution in Wales where a principal aim has been to facilitate a more effective working relationship between the WAG and civil society in Wales.

The chapter began in suggesting that there have been some difficulties in developing effective engagement with the third sector: particularly in Priority 3 of the programme which has been characterised by a low take up of projects from grassroots community organisations. Interviewees in the previous chapter suggested that the idea of 'partnership working' has been a particular innovation to the structural funds in facilitating more bottom-up engagement from community groups and organisations. This was indeed felt to be the case from some of the interviewees in this chapter who felt that there had been some real changes in the new programme and that their organisations had been able to benefit. However, some respondents felt that there were also barriers to be considered as well as advantages within this new way of working. While a great many groups have been involved and have been able to take advantage of this new way of working, some interviewees from grassroots organisations dealing with the sharp-end of community
regeneration, pointed out for instance that in many areas they felt it had been the local authority driving the agenda. In this way, many groups felt that their input and views had been marginalised in the process. Some interviewees felt that while partnership working was a laudable goal to be working towards, some of it remained as 'lip service' in practice where some of the partnerships involving third sector organisations tended to be dominated by local authorities.

The chapter concluded with the suggestion that, while some of the partnership process may be currently dominated by these kind of local politics, there is a 'consciousness raising' process taking place where some of the more informal processes that have been set in motion by the programming strategy in Objective 1, are slowly working to challenge some of these political cultures; opening up previously 'zero-sum' aspects of decision-making hierarchies and service delivery.
Chapter 8

Bureaucracy or democracy: Engaging 'local knowledge' into the Objective 1 process

Introduction

As the last chapter pointed out, while reforms to the structural funds have been instigated and developed by the European Commission with the aim of a better connection with local knowledge in areas where market failure has been particularly severe, interviewees from groups that have engaged in the programme – particularly in the community development measures – suggest that the partnership process has been a somewhat uneven process so far. While there has been a greater degree of participation for many of the groups working in disadvantaged communities – particularly in relation to previous structural fund programmes in south Wales – and a larger profile for third sector community organisations in general, many interviewees complained that some of the partnership agendas have been driven by dominant agencies such as local authorities, and that particular vested interests have been instrumental in continuing to marginalize input from the sector.

This chapter looks more closely at the funding process itself. One of the aims of the partnership principle, particularly in the Priority 3 measures, was that closer collaboration and the stimulation of dialogue between different agencies, levels of delivery, and implementation, would better enable third sector community groups to deal with the procedures involved in the process. As argued earlier, one of the main criticisms that had been levelled at previous
European programmes in Wales was that the bureaucratic construction of the funds themselves meant that they had not been particularly user friendly in regard to facilitating third sector engagement. This chapter elaborates on the themes explored in chapter 7 in order to look at the particular bureaucratic difficulties facing groups that have been involved in different areas of community regeneration, and that have sought funding under Objective 1, particularly in Priority 3 and also Priority 4.

The chapter begins by looking at the concept of bureaucracy itself, and particularly at the contemporary role of accountability in public service provision, in order to provide a theoretical and analytical starting point through which to view these experiences.

**What is bureaucracy?**

This section considers some of the attempts that have been made to theorise bureaucracy and whether, and in what ways, it can ever be reconciled to 'democracy': one of the central issues that has invariably informed this debate.

Marshall (1996:35) has defined bureaucracy as, 'A body of administrative officials, and the procedures and tasks involved in a particular system of administration, for example a state or formal organisation'. Blau (1956:3) has described it as 'the organisation that maximises efficiency in administration'. Francis and Stone (1956:7) argue that bureaucracy is 'that mode of organising that is particularly well adapted to maintaining stability and efficiency in organisations that are large and complex'. Leonard (1966, cited in Smith, 1988:7) has explored the term in regard to 'the rational and clearly defined arrangement of activities which
are directed towards fulfilling the purposes of the organisation'. More contemporary writers in the area such as Peters (2001) have outlined what they see as the problems in reconciling modern administrative bureaucracy in an age characterised by 'scarcity' and cutbacks in public sector funding. Perhaps the most influential theorist of bureaucracy has been the German sociologist Max Weber (1964), of whom Smith (1988) argues that

Within the social sciences the concept of bureaucracy is most commonly deployed in the analysis of organisational structures and their relationship to performance. The starting point for analysis is usually the Weberian position that bureaucracy is the most rational form of organisation, technically superior to all other forms (Smith, 1988:1).

As Swingewood (2000:109) points out, for Weber, the increasing bureaucratisation of social and political life formed the major structural form of early capitalism where it was hoped that rationalised efficiency would result from bureaucratic organisation, 'enabling humanity to develop economically, technologically and politically'. Significantly, Weber suggested that the formation of the modern nation-state has been a clear example, or ideal type, of this modern 'legal-rational' social order, where decision-making and resource allocation are characteristic in the way in which they are deployed through the most efficient and rational means possible. In this way, Weber argued that the state in modern society functions as an 'impersonal relational structure' where a vertical organisation of civil servants are expected to act within a corresponding set of formal, institutional rules. However, bureaucratisation for Weber was an indication of where the power in a society lies through what he called 'the ownership of the means of administration'. Weber was particularly concerned by the role of bureaucracy in leading to an increased 'rationalisation' of modern life where, in the name of efficiency, human agency was in danger of becoming 'objectified' according to the rules of the bureaucrat.
While the work of Weber provides a useful starting point, commentators such as Albrow (1970) have been more critical of Weber's theory of bureaucracy in providing a holistic explanation of the term. In particular, he suggests that there is a difficulty in 'understanding the relationship between his idea of rationality and the specific characteristics which he attributed to the ideal type of bureaucracy' (1970:87). Albrow's particular argument is that Weber assumes an automatic relationship between bureaucracy and rationality. As Blau has pointed out:

Weber conceived of bureaucracy as a social mechanism that maximises efficiency and also as a form of social organisation with specific characteristics. Both of these criteria cannot be part of the definition, since the relationship between the attributes of a social institution and its consequences is a question for empirical investigation and not a matter of definition (Blau, 1956:6).

As Smith argues, the study of bureaucracy 'though still influenced by the Weberian model, has moved away from the monolithic ideal type towards the comparison of administrative systems, to see which individual bureaucratic characteristics are present, in what degree and with what consequences' (1988:8). He suggests that the study of bureaucracy is now subject to a more empirical exploration of where bureaucratic tendencies can be observed in modern life and what their consequences may be.

*New Public Management theory*

The issues, which characterise bureaucracy in the contemporary era, are generally studied through what Bovaird (2003) has called the 'New Public Management' theory (NPM). The advent of NPM, particularly in the UK, epitomises what Bovaird has described as 'the changing context of public policy' (2003:13) where the 'modernisation' of modern service provision has been seen in part as a response to many of the criticisms that were levelled at
state administrative bureaucracy that characterised the industrial post-war consensus. Writers such as Giddens (1998) have argued that the corporate arrangement and 'big government' were ultimately proven to be inefficient, unwieldy, and undemocratic when faced with a changing set of political and economic circumstances. One of the biggest criticisms of the governing bureaucracy of industrial modernity had been an apparent lack of accountability within an organisational set-up, which seemed to be insulated from wider dialogue and debate. This was an accusation from both left and right of the political spectrum. The right argued that corporatist bureaucratic structures served to stifle individual initiative and market enterprise, while the left pointed out that centralised, hierarchical and professionalised institutions of government ultimately served to subsume the principles of democracy and participation.

*Reducing the 'decision-making deficit'*

Bovens (2005:3) has pointed out that the notion of 'accountability' today is closely associated with the notion of democratic and equitable governance, and has come to stand 'as a general term for any mechanism that makes powerful institutions responsive to their particular publics' (Mulgan, 2003:8). It is now recognised that greater engagement with citizens and other stakeholders is now a prerequisite in establishing 'political trust'. As Martin (2003:189) has commented, 'current attempts to improve services and modernize governance have placed public engagement centre stage'. He points out that there are now a variety of forums through which to engage service users and citizens more fully into formal structures of governance where, in order to augment a policy process that is theoretically more flexible and more responsive to a wider range of concerns:
• Governments at local, national, and European level now utilize a variety of communication tools through which to engage with the general public such as: websites, information points, service directories, videos and public awareness campaigns;

• Lowndes et al (1998) looked at British local authority initiated public consultation and found that the majority of them ran complaints suggestion schemes; organised service user forums; and many involved the public in things such as community visioning schemes and community appraisals;

• Martin points out that 'many local councils, police forces, and health authorities in the UK have used citizens' panels as sounding boards whose views are regularly sought on in key policy areas (2003:196).

Devolution across Europe and the trend towards greater decentralization of the political process has also been viewed as a positive step towards encouraging greater accountability and more equitable governance. As previously argued, reforms to the European structural funds were instigated in part in order to promote a more localized system of democratic checks and balances to the funding process: a procedure that had previously been administered principally through national bureaucratic channels. As the last chapter argued, one of the ways through which greater public engagement in Wales was to be realized in this area of policy was through the three-thirds partnership process. This chapter explores further the experiences of community groups and organizations in the European funding process, looking this time at what the particular bureaucratic issues have been for the third sector.
Accessing European funding within the community development parts of the programme: the experiences of community groups

The Single Programming Document itself is horrific. I mean how on earth can they expect voluntary groups who don’t have any paid staff even...who’ve got their own jobs to even have the time to go through these things? (community group interview 6).

While as pointed out in the previous chapter, the democratic credentials of the partnership structures are sometimes proving difficult for community organisations to get their voices across in relation to accessing European funding and providing effective community project input, another related barrier that was identified from the groups that were interviewed was the types of bureaucracy that had to be negotiated in order to successfully access funding within the community development measures. For instance this community leader, while stressing the potential benefits in obtaining European funding for her organisation, was at pains to stress the arduous nature of the process itself for smaller groups and organisations working in this part of the programme:

We were conscious of what Objective 1 could do...I mean going through the process it was like 'oh god, this just really isn't worth it'. We referred to it as being like childbirth: you go through it, it's horrendous but in the end it's really well worth it. But we had to, we wanted to make sure that we met the needs of the community and we didn’t know how we could get people engaged in training and education or how we could get them to equal that benefit book, which is more to the point, to make a difference in their lives, unless we had actually identified the barriers that they faced to get there. So, we could have had professionals in to do this for us but we thought ‘no, these marginalised, socially excluded people are our friends and neighbours that we grew up with. Who are they going to tell the truth to other than us?’ (community group interview 3).

She then explained what she felt were the particular problems with the process for organisations such as the one with which she was involved:

You know the application alone was 38 pages; asking for an exit strategy and we were like 'hang on a minute we haven’t even started the thing yet!' ‘Environmental sustainability’ we were like, ‘what does that mean?’ I understand that they need to do this but when you are dealing with grassroots people...we just what to get Mrs Jones off of benefit and on a training course! You know? We don’t want to know about developing some bloody exit strategies! I
This youth worker, whose organisation had accessed money from both ERDF and ESF, was nevertheless critical of how helpful she felt the administrative structures were for groups such as hers, and what the actual funding process itself was like:

At the beginning of applying for it, the bid was quite difficult. The first bid was refused which meant that we were without funding for a couple of months so the date was put back then so the council had to bail us out then and keep us going through the gap in funding. WEFO were very difficult to deal with. For example, when we put a claim form in somebody had used tippex on it, so they didn’t process our payment. But they didn’t ring us up they just sat on it. We rang up and said ‘look we have been waiting for 3 weeks for our money, where is it?’ They said ‘oh we can’t process that because it had tippex on it’. It was very difficult to get them to feed back to us you know and in a small organisation that is essential really. If they had told us we could have done it again so that they could process it (community group interview 6).

It was quite clear from many of the interviews with community organisations seeking to obtain money from the regeneration measures in Objective 1, that the application process itself was often seen as a major barrier to effective engagement for these groups. Another interviewee from a group that was heavily involved in various community regeneration projects gave her thoughts on the application process:

I hate it...I hate doing it. The process is very lengthy and if you miss one boat...I mean basically there’s a rolling programme there...but if you for instance got something wrong, and you were depending on some funding...you know, you might have a few eggs in a few baskets to see what you were gonna get coming in and there’s only one of them; if there were any kind of bits you hadn’t got right in the first instance then there would be quite a lengthy negotiation process to resubmit the bid. You know, if you can do it, then it’s not difficult to be involved, but if you’ve never done it it’s a helluva big jump (community group interview 5).

Interestingly, this interviewee pointed out that the individuals in this particular organisation who had been involved in writing the bids had come from a background working in the civil service, including local authority sector employment, and this had played a big part in helping
them to understand the language used in the pro-forma, the complexities of the process, and also the criteria that had to be reached in order for the bid to be successful. They had, they explained, a certain expertise in constructing bids and understanding the particular language used in this kind of documentation. In fact this interviewee also went as far as to say that this often meant that bids were very often slanted in such a way as to meet criteria that the writer knew that WEFO, and subsequently the Commission were looking for. As she explained:

You’ve got to write things in a certain way to hit certain criteria so that you score; there’s an integral scoring process within the forms (community group interview ²).

This interviewee from another community organisation agreed with this statement, adding that it was often useful to ‘give them what they wanted’ with a little extra thrown in if the bidder had enough knowledge of what the EU’s intentions were in the area:

They’ve got their guidelines and they send you out stuff, so you have got your...the trick to it all is to know the answer before the questions isn’t it? But I just go by the guidelines and I look at their criteria, I look at their guidelines, I look at the bid; ‘this is what I want to do’ and I slant it in: you put a little edge to it. And that is the key I think to be able to get people to say yes (community group interview ⁷).

This interviewee who was involved with a project that worked with disaffected youngsters pointed out that the Priority 3 application process was simply unrealistic for many community groups and organisations to access without the expertise of someone with the particular knowledge of what writing these particular kinds of bids entailed:

They should give more training beforehand. Definitely, because it is not easy is it? The forms are not easy for anyone I don’t think. Like when we went on the course [in writing European bids] there were a lot of smaller charity groups that were more or less run by volunteers, I mean they are going to find that very difficult. Like old age clubs and groups like that were on the course and they probably haven’t got a lot of paid employees so they can be excluded where it has been made so complicated (community group interview ⁹).

This interviewee, who worked for a ‘hybrid’ social economy/community group that had built up their organisation through a variety of successful bids, had become partly self funding and
active in the social economy through their endeavours. Nonetheless, he had this to say about what he saw as the rigours in applying for funding in Priority 3 from the ESF:

It's such an incredibly bureaucratic process. I mean we have been the beneficiaries of a lot of different sources and amounts of funding, and ESF has been the biggest one, but we've had lottery funding through the arts council, we've had funding through city and county funding, we've had New Opportunities funding, we've had funding from our local CVC and they just pale into insignificance compared to the administrative level of paperwork to be done for ESF funding. I mean if I were to apply to ESF for £5,000 I would have to complete the equivalent amount of paperwork that I would for £50,000 of more local funding which is a ridiculous scenario in that I still have to fill in the 80 page application form for ESF. It's just a ridiculous level of administration for the level of support that quite often the smaller groups might be looking for where £20,000 would make an astronomical amount of difference. Yet, it still requires this massive, massive administrative commitment on the part of the organisation that is administering the funds (community group interview 8).

As the above interviewee then went on to explain, he had a PhD in 'city regeneration' and was able to write the bids for his organisation knowing pretty well what the scoring criteria would need to include in any successful bid. He was quick to point out that it would certainly be much more difficult for community groups and organisations that lacked this kind of expertise. In this way, another interviewee who worked for a drug support agency in the valleys told how she and her colleagues were dissuaded from accessing European money because of the particular bureaucratic difficulties her organisation had found in filling out the application forms:

We did apply to two streams of European funding and it was probably...I mean I have done a lot of fund raising in my life but that was probably the worst fund raising application I have ever had to do in my life. The bureaucracy is absolutely ridiculous and some of the questions that they ask on the form...some of the statistics and things that they want are absolutely ludicrous you know...you are supposed to guess how many things in five years time (community group interview 9).

Another interviewee was more forthright on what he perceived as the particular difficulties and obstacles for many of the groups and organisations seeking to gain money under the regeneration measures of the programme. He was quite candid about these criticisms despite
the many successful bids they themselves had managed to secure within the community
development measures in Objective 1:

Um... if we weren't so desperate, we would probably have turned round and walked away from
it. If we weren't so desperate... and that's how bad it is. The officers [WEFO European
Officers] that are facilitating, especially priority 3, haven't got a clue... They haven't got a
cue what we have to go through to get here. I mean we are talking community led... priority 3
is supposed to be community led. You need a PhD to write the bloody application!
(community group interview 3).

It was pointed out that one of the particular bureaucratic difficulties for groups and
organisations seeking to obtain money for projects intended for community regeneration from
Priority 3 and also from the relevant funding measures in Priority 4, was the different
procedures and funding structures attached to ERDF and the ESF. The difference in these
funding streams is that ERDF monies are intended to support capital projects, while ESF
money is intended to support revenue applications. The differences, and the difficulties in
accessing these two funding streams, and enabling them to work within the needs and
requirements of small community groups, was explained by this community worker who had
experience in accessing and managing from both funding streams:

Well, capital... when you get funding from any source, not just European funding but any kind
will either give you capital or revenue. Now capital will be something like... it's usually a big
expenditure... it's something that you buy and it becomes an asset of your organisation. So if
you were going to buy property; if you were going to buy a vehicle; even if you were going to
buy a computer... anything tangible will be classed as an asset. Things like expendables if you
like, like pens, paper or stationary are classed as revenue but bigger items would all be capital.
Some funders are more lenient where they will give you that amount of money and you almost
dictate to them what you want to spend it on and they are not particularly fixed over whether
they want it to be capital or revenue based. But certainly with European funding, you tell them
up front and you actually have to itemise 'is this revenue or is this capital?' (community group
interview 2).

She had this to say on what were the main principles through which revenue funding was
based and what the particular difficulties were for smaller organisations such as the one she
was involved with:

From that perspective, our latest bid is entirely revenue based so we are renting as opposed to buying things and leasing, that kind of thing...paying wages out of it, bills that sort of issue. So that is the outline of what the bid is all about I suppose. Very staff based to be honest and very much about continuing with what we’ve got from a staff perspective, to keep the services running at a level, and equally in terms of developing the agenda, bringing new staff in on the back of that bid for three years to kind of keep that going while also building the agenda (community group interview 2).

As she pointed out, one of the main difficulties with this way of working, particularly for smaller groups and organisations looking to access funding in this way, was the way in which the payments were actually made to successful applicants. Groups accessing money under ESF for instance, were paid in arrears. This means that groups need to have some kind of set up or organisational structure that is facilitative of this process. Ideally, she pointed out that organisations such as the one she worked for would be generating funds in a systematic and sustainable way, which would then enable them to support themselves in regard to what often turned into quite a stop-start process. Strategic planning, she pointed out, is vital.

The difficulties for smaller community groups, or for groups that had yet to reach this level of autonomy, were explained by this interviewee, whose organisation had been successful in gaining ESF money, but had encountered severe difficulties when this money had started to run out and WEFO had started to question the suitability of further revenue and capital costs to the next stage of the project; ones that had been worked out by the group in regard to the future sustainability of their organisation:

We were running on the organisational reserve and we didn’t have enough money to pay ourselves. Then we run out totally and they [WEFO] didn’t approve or have an approver for the next bid we had put in until March 2001. So it’s like...this is why they ask why community groups don’t or aren’t able to access Objective 1 money. It’s a horrendous process and then even after all of that, and all of the evidence we had to offer...we went to WEFO, and they were like ‘what do you want a youth and community worker for?’ And we were like, ‘hang on, we have got such a high level of youth here, if we want to engage with this age
group we need somebody that can relate to them’. And we can’t possibly because of the revenue...they’ve given us the capital money for the IT suite and we would now have to go back now to the drawing board (community group interview 3)

She explained that she had to keep going back to WEFO to try and resolve a bureaucratic situation over what should be classed as revenue and capital costs and how the monies should be allocated to each. As she argued, this situation threatened the work that her organisation had built up so far: threatening their future sustainability:

I am like ‘hang on, we need the workers to deliver the service: if we haven’t got the workers then we can’t deliver it so what’s the point of having it?’ And we have come down to the factor that we have had to drop our revenue costs and increase our capital costs. That meant that we were left with an IT suite with no worker and a creche facility with no one to run it because we’ve got no revenue costs. It took two years. So of course the next European bid will have to include these staff because it is a necessity for it; we are already doing it now with unpaid staff. I shouldn’t have to depend on volunteers to do this when they give up their time for free, they do that and it’s the same people every week. We’ve got to have continuity, but you can’t have continuity with the way things are at the moment. That argument with WEFO we drew out as long as we could but then we had to do it because we needed to get that bid through because otherwise we would have lost everything else (community group interview 3).

Cutting through bureaucracy? Key funds and consortia partnership working

The Mid-Term Review (CEG, 2003) of the 2000-2006 structural fund programme in Wales, commissioned on an independent basis by the WAG in 1993, and submitted to the Commission in the following year, acknowledged that the particular bureaucracy involved in accessing Objective 1 was a major barrier to engaging many of the organisations representative of the voluntary and community sector fully into the process.

While the last chapter pointed out some of the difficulties for community groups engaged in the new partnership process, effective partnership working in order to access European money was often the only alternative way to build the capacity for smaller organisations to be able to engage in the funding process. Some community groups had tried working with area consortia
in order to access Objective 1 money specifically for the benefit of community led projects. While, as a WCVA research project has argued, such bids may ‘blur or hide the true level of the impact and advantages of Objective 1 to smaller third sector organisations’ (WCVA, 2003:3), this representative from one of the CVCs involved in this ‘umbrella bid’ had this to say about the benefits of such a scheme in negotiating the bureaucracy of Objective 1 for smaller groups in this part of the programme:

I think as well that the key thing is that we inspire and motivate the community as well because it is really difficult sometimes to access these pots of money and they may get turned down...and its giving them that inspiration to keep them going and tell them that what they are doing is fabulous and invaluable to their community. And I think that’s a big part of what we do as well (CVC interview').

She explained the benefits of the consortium bid that her organisation had been involved with and who were the main agencies that had taken part in it:

It was the Wales Association of Voluntary Councils [the umbrella organisation for the CVCs] who had the idea. And the WCVA agreed that they had the people there who could effectively facilitate that application process. I mean we couldn’t have done that on our own; it would have taken us a lot longer than the consortium. I mean we haven’t got the resources compared to what the WCVA have got...it was the 15 CVCs involved: the ones in the Objective 1 areas. We put a consortium bid in to the WCVA and they dealt with WEFO. The WCVA played the broker role effectively. It meant that we just provided the information to them and they dealt with WEFO. We did have to give them lots and lots of information to get the application through in the first place but at least they know the speak! (CVC interview').

As she explained, the idea behind this ‘key fund’ was that organisations such as the CVCs and the local authorities, would be able to bid for money in partnership, enabling smaller groups and organisations to then bid in to a pot of money without having to take individual responsibility for the previous levels of bureaucracy that had made it so hard for community organisations in the initial phase of the programme. Cutting out the bureaucracy in the Objective 1 process is vital, this interviewee argued, if more groups and organisations from the third sector were to become more involved in the process:
Filling out the forms is a complex process and it’s a lengthy process. Even if you understand it, it is complicated. Now, we have partly answered that because we developed a key fund for small community and voluntary organisations and what that means is that we have actually put together a project, gone to WEFO and drawn the money down and the money is here with me. And that project says that I will assist community organisations to come up with plans and then I will fund them and I will handhold them to get match funding. The application form to us was reduced from 60 pages to 6 and the turnaround time on decisions was reduced from 3 months to 4 weeks. It’s a fund to fund small, local community projects; run by small community organisations, administered by a community organisation — us — and decisions on each application taken by the community itself because we have a grant approval committee which is made up of elected members of the community (Objective 1 Monitoring Committee interview).

Key funds, which have become more and more commonplace in this part of the programme, have been seen as an innovative way in which to deal with the bureaucracy for smaller community groups and organisations. This CVC worker was asked about what particular benefits the collaborative key fund had brought to community development under Objective 1 for his particular borough:

The key fund is something that we feel has been reasonably successful. It’s been going for approximately 18 months and it has supported a whole range of community projects throughout the borough. It’s funded both capital and revenue projects and a wide range of things. But the thing we feel about the key fund is that it’s easier for the community groups, the grassroots groups to access the key fund - not so much to access the larger scale Objective 1 - but to deal with all of the monitoring and evaluation that that entails. I mean the way in which it is run with the key fund is that we actually undertake all of the monitoring and evaluation for the key fund and...obviously we expect a certain amount of monitoring from the community groups themselves...but we collate all of that and provide the adequate monitoring to WEFO so it takes a lot of the burden out for community groups and makes it easier for them to obtain European funding (CVC interview 1).

As the above interview sought to clarify, the main aim of the key fund is to try to take out as much of the bureaucracy involved in the Objective 1 process as possible in order to get a much more community led approach: one that is able to tap more into local knowledge of the issues involved in community development. While groups and organisations must still fill in an application form, the bidding consortia take on the bureaucracy of the original bid and the accessed funding pot is then put open to third sector organisations to bid into. The bidding
form for this is reduced to a more simplified 'action plan'. The action plan is written by the community organisation that seeks the funding. While projects done in this way must tie in and fit with the local and regional strategies, the aim is to get a closer fit between the top-down and the bottom-up where bidding consortia provide a 'conduit' between community groups and European money. As this private sector representative on the Objective 1 Monitoring Committee summarised:

The key fund has broken new ground in many respects, certainly in regard to the involvement of 'grassroots democracy' in the decision-making process (Objective 1 Monitoring Committee interview).

While the key fund has been an innovation in many respects, others who were interviewed and had experience of applying for European money through the key fund were not so sure. Again, it was argued that much of the success of this way of making the funds available to community groups was still dependent upon the role of the more established agencies on the partnership boards and those who are on the original consortia, in being willing — formally or informally — to involve organisations and groups from the third sector. This interviewee, who saw the local authority as the lead agency managing the key fund in this area, pointed this out to me. He suggested that they acted as a 'gatekeeper' in deciding who was and who was not able to access the key fund. His organisation, who had been successful in gaining European money on many occasions by themselves, applied for money through a key fund that had been set up in his area and he had this to say about the process:

They have simplified it in an action plan...the action plan is supposed to be 12 pages. I wrote 12 pages off but then you have to send appendices of all supporting documentation. So then they want all...'where's all your planning details, where's the costings of the building...where's this, where's that'? I mean, it is community led we are talking about now (community group interview 4).
This same interviewee was asked whether he felt that the process was an improvement on the difficulties that many individuals from community organisations had encountered with the bureaucracy of applying directly to WEFO, for Priority 3 money in particular:

Well, I don’t know. The point that I can see is that it’s supposed to be smaller and I understand that. But when you had the proforma you had questions to answer…now you have got an action plan you have got to have your own initiative…because you have got to create an action plan now and, all of a sudden, unless you have had business experience, development and all of that, you wouldn’t know where to start (community group interview 4).

He felt in many ways that maybe it was the case that the process involved in accessing money from the key fund had gone from one extreme to the other:

You are now asked to create your own. So, they are coming back and they are saying ‘oh, we’ll do this’. So fine, now, they give you headings, but you have still got to ‘create’…and you are like ‘what are they looking for in this, what are they looking for in that?’ and then, you’ve done the plan. Fine, all that’s gone off, and then all of a sudden, five pages come back. ‘Right, thank you for your application but, on our first appraisal, these are the issues that we’d like you to clarify’. So then it’s that point and it’s that point…and you think ‘oh for god’s sake, you know’. This is ridiculous…absolutely ridiculous (community group interview 4).

While the basic premise behind the key fund is to try to get a more bottom-up engagement with would be beneficiaries of European funding, particularly from third sector groups, this interviewee suggests that to be able to write an effective action plan still requires particular expertise and understanding of what the funding administrators are looking for, and what is required in establishing a successful bid. As the interviewee points out, in some ways the original pro-forma was more helpful in the way in that it broke down the areas that the bid writer needed to address. As he pointed out, obtaining European money through the new key fund still required specialist understanding of what the European Commission, and subsequently WEFO, require from community groups. As this interviewee points out, the specific ways through which Objective 1 is intended to address regional policy mean that there needs to be a thorough understanding of how to write a business action plan. As he argued,
the application that he made through his organisation was initially rejected on the basis of its inconsistencies as a business plan. While providing the potential for innovation, this interviewee is still sceptical as to how far key funds as they exist at present are flexible enough to be able to draw upon local knowledge and particular community expertise. He suggested that, in many ways, the parameters had already been defined through a specific idea on how applications needed to be written. As this member of a CVC who had been involved in setting up a key fund in that particular area pointed out:

There are buzzwords and unless you know those buzzwords you are in trouble. But certainly when a colleague helped me to get, quite a bit of money for this area, the buzzword was 'synergy' at that time so if you dropped 'synergy' every third sentence you were fine. You think I am kidding but it's true! You remember that recent project? They failed because they didn't get enough points...there was a hoo ha about it so they got it back and changed one paragraph and that gave them sufficient marks to get it through. They slipped in this buzzword and it went through. Now it takes an awful lot of time to do these applications. You can spend months on the thing and then it will be blown out because of them not having a word in right because something has changed (CVC interview).

This was certainly the experience of this interviewee from a community mental health organisation who applied for money through the key fund that was operationalised in his area:

I had never heard of this community planning key fund before. Well, I thought initially that we wouldn't qualify, because the first thing it says is that 'the project must meet one or more aims; it will enhance employment prospects and the skills of the local people, particularly the young and those that are disadvantaged and promote equality of opportunity'. Well we were only proposing to create one part time job so that didn't seem to make a big contribution. But then as you go down the bullet points it says: 'it will enhance the quality of life of people through social, cultural and recreational opportunities; it will promote and support voluntary action and volunteering'. So we thought, 'well yes okay we do come within that and so we put in a bid (community group worker).

His organisation eventually received a letter back from the lead body, the local authority, in regard to their application for money from the key fund:

So then I eventually had a letter back from the County council: 'I am writing in connection with your organisation's recent application for funding. Unfortunately the panel decided not to support your application'. Now, if it had stopped there, we would have said 'oh well, we tried, bad luck', and we wouldn't have done anymore about it really. But then she says: 'the panel
expressed concern about how this project fits in with other developments in mental health and also about the potential for duplication of service provision'. Now we were quite incensed by that because no one had been to see us to say 'how do you fit in with the other services provided'. No other drop in centre of this nature is provided in the area and she talks about the potential for duplication. There's no drop in centre in the whole of the area. So they appeared not to know the background to mental health and, what was even worse, they hadn't tried to find out. So they appeared not to have consulted anybody to inquire further into these doubts that they had. They didn't even bother coming to see us to find out what we did or anything (community group interview 10).

What this interviewee argued is that the key fund partnership, and the voices that would ultimately make the funding decisions within that partnership, rejected his organisation's application for money on what he perceived to be a lack of understanding in regard to issues concerning mental health, that his organisation had specialist knowledge in. What is more, he argued, they had apparently failed to do any research into the area, certainly in regard to talking to other experts in the field who could have informed them as to the significance of the particular work in which they were engaged, that there was no duplication by way of the services that would be provided by what they were doing, and subsequently what this could have contributed to an important issue relating to social exclusion in this area. As he told me, he found this quite strange as, only that week the Assembly Minister for health had announced that mental health would be one of the top three priorities through which the Assembly would address the well being of the nation.

These interviewees pointed out that innovations such as the key funds are often still administered through some of the political agendas that play out. They are often still characterised by the way that particular partnership dynamics function and sometimes exclude.
Match funding

Another linked problem for groups seeking to access money within the community development part of the Objective 1 programme has been the issue of 'match funding'. This was pointed out by a member of the Objective 1 Monitoring Committee when asked what he felt was the biggest barrier for community organisations in this part of the programme:

The easiest one is to do with match funding. It's a lot easier, for example the WDA, to take large chunks of the allocation on the business support measures because they are extremely well funded as an organisation and can match fund projects and stuff... You can't just tell small community and voluntary groups 'hey there is money available to help you but you've got to go out and find at least 40% of the total cost' (Objective 1 Monitoring Committee interview).

As Leach (2004:4) asserts, the 'additionality' section of the European guidelines on structural funding allocation means 'that EU funds for regional projects should be additional to Member State funds and not a replacement for them'. In other words, groups and organisations get an actual allocation of fifty per cent of EU money of the total estimated project spend in successful bids; the rest has got to be matched from elsewhere. As Benfield (2003) pointed out in Chapter Four, this has been a real problem for third sector organisations for a number of reasons. Initially, it was thought that much of the match funding allocation would come from the Assembly itself but as Bristow and Blewitt (2003) point out, this remains tied to the UK Barnett Formula and Benfield argues that the budget allocated to this part of the programme has been particularly insubstantial in being able to meet the needs of community organisations. The expected financial input from the private sector has also been inadequate in being able to make up the shortfall. While, as he points out, WEFO had appointed someone to coordinate funding streams to match European bids from the third sector, this process had in general been a somewhat confusing experience for many individuals from the third sector, who often felt that they were pushed from department to department with no-one being quite sure which
budget was supposed to match with what. The general situation with match funding is a very real problem for smaller groups and community organisations as this representative from the WCVA pointed out:

Very little is coming from business for match funding from the community sector. The majority of match funding comes from National Assembly funds, such as Communities First, local regeneration funds, those kinds of things, or it will come from agencies. And there is a big move at the moment to move and align a lot of European programmes with the strategic objectives and outputs of these big agencies. Um...in England they’ve done it and they’ve called it co-financing. Basically what it does is it allows local government or government, to hand over great big wads of money to the likes of ELWA, people like that and allows them to expand the programmes that they are currently delivering. This is fine to a certain degree, but it’s got to be remembered that they are output driven; they are about how many modern apprenticeships you are going to get through, how many national traineeships you are going to get through. They are not about trying innovative things to actually access some of the very root causes of the decline of Wales (WCVA interview 1).

There were often felt to be contradictions around issues of ‘accountability’, where smaller groups responsibility was felt to be unclear in regard to match funding. The larger agencies were very often allowed to carry out programmes, which fitted with their particular agenda, a point that was expanded upon by this community regeneration worker:

No one looks at people like the WDA and questions the amount of Objective 1 money that they get down, and say that ‘you are not sustainable’, with all the public funding that they get, but they will look at some smaller organisations and say ‘oh you are just run on public funding’. It’s the small organisations, who should be getting that money, not the big organisations like ELWA: and we all know the troubles that ELWA have got and the money troubles that the WDA have had in the past. These are the big feeders, these are the big drawers off of money and it’s these big organisations that have managed to – because they have got professional fundraisers – that have managed to get an awful lot of those European structural funds and, basically run whatever they damn well like. I don’t think this happens to all of the projects but some of them it does (community regeneration worker 1).

This community resources manager pointed to the fact that the working practices of the Assembly often seemed to be ‘out of synch’ with the partnership working practices that have been evolving in the communities, making it difficult to coordinate things such as match
funding, both from the Assembly itself and also from other sources that were being primed to contribute to this part of the programme:

Well, that’s the thing; there is not a lot of common ground because the funding streams are all organised differently and it is difficult to co-ordinate activity because of the different funding mechanisms if you like. It’s difficult enough to co-ordinate the funding mechanisms we’ve got that drive the priorities of economic regeneration partnership. I mean it’s a real problem that the Assembly need to address. Its ironic that we are meeting the principles of the way the Assembly want us to work at a local level by joining things together as well as we can, but as far as funding etc – much of which comes from the Assembly – the Assembly still can’t work like that (community economic resources officer).

According to this argument, a lack of strategy in the community development section of the Objective 1 programme is a very real barrier to third sector participation where in many cases it is the larger organisations that have the organisational capacity to implement what is required by the commission in regard to issues such as match funding. The important thing to consider here, as this interviewee points out, is that larger organisations such as ELWa and the WDA are very much output oriented and geared towards numbers that have been put through training and so forth, so that innovation which may come from the community organisations, may well be lost in translation and subsumed within the an agenda driven principally by the needs of the larger capacity organisation.

This community group representative explained the particular problems with match funding for smaller, community organisations such as the one that he was involved with:

Well, in match funding the biggest one is that funding pots from the National Assembly don’t coincide with Objective 1. But its also having an understanding as well isn’t it of how to use match-funding? That’s one of the things that I have managed to grasp is that anything can be used as match funding as long as it engages into the bid. One of the things that I have struggled with, and I’ve worked with the local authority a lot, is when they have said ‘don’t worry, we’ll match fund our core budget’. What that means is that say community education have £280,000 to run their core service each year, they will say ‘well, we’ll match fund that now’. And I tried to get them to understand then that you just can’t match core funds unless
it’s engaged into the bid (voluntary group interview 4).

In the case of his particular organisation, he argued that he had had a problem explaining to the local authority as a potential match funder, how the system actually worked, even with the benefit of the European officer that was employed to deal with these kinds of situations. He argued that, through the understanding that had been accumulated within his organisation, and a few years of experience of how it all worked, they had been innovative with their match funding strategies, citing a partnership tie up with the local University as one such example:

We went to the University and we had a person employed then under our Objective 1—community education—and we said that ‘this person here is going to deliver £21,000 worth of courses. So then the University funds £21,000. So really, they are not funding his position, they are saying that they are funding the courses but they are not really, they are funding his position: as long as it’s linked into the strategy and then you can follow a trace back. People struggle with the issues of like ‘where is the match funding coming from’? Now, for instance local authorities...because they don’t understand that...its hard (community group interview 4).

He also argued—in an echo of what earlier interviewees had said about the informal aspects of the partnership structure—that it was important to understand ‘who is controlling the agenda’ in regard to the issue of match funding: particularly for third sector organisations who often needed to go to larger agencies in order to get financial backing for their projects

You know, when you are working in partnership and you say ‘I want to match fund this’...‘its ‘yes you can match fund it but you are not going to have control of it’. It’s all about control: who controls the money. And they did make a mistake once. We were working in partnership with the local authority and there was a bid together for an area ICT developer worker going round developing ICT in the community. So I said ‘can I use this individual as match funding when we put her in her post: she’ll be based in the local youth club and she’ll be using that as an outreach’. We were told ‘yes no problems’. So we put it in. Then when we were successful, it was great and she was in there, they said ‘now I’m going to take her out’ and I said ‘you can’t: because you’ve agreed that she’s here, she’s line managed by me because she needs to fit into the strategy we’ve just established’. ‘Oh no, I haven’t agreed that’. I said ‘well you have: you have signed a match-funding certificate with the value of this allocating her to me’ (community group interview 4).

This next interviewee spoke about the situation with Communities First: the locally conceived
regeneration programme initiated by the Assembly. Many people, including this interviewee, were initially under the impression that the programming strategy for Communities First would be tailored to facilitate the Objective 1 programme. In this way the match funding within the two programmes could be aligned so that they could feed from each other. However, he had this to say:

People then have been sat there waiting 15 months thinking 'well we haven’t got match funding in place yet so we can’t apply for the Objective 1 money'. Well they’ve been sat there waiting, and while they are waiting for it, the process of Objective 1 is going on and on, timescales are going down. What I’ve been told was that they were bringing in all this money together, because some had accessed, some haven’t, and they were going to put it all in against a bidding round and things like that. Well, I think that something’s gone drastically wrong somewhere. The money just doesn’t exist. The whole idea was seeking to provide Communities First communities with a pot of money that could coordinate the rest of the money that’s available. And it’s not there (community group interview 5).

Coordinating regeneration

Another related problem with match funding for smaller organisations was felt to be a lack of coordination across the two programmes in regard to spatial targeting, making it difficult to align bids with programmes that had conceived of the how-to practicalities of community regeneration within different ideas of geographical targeting. As this regeneration worker explained:

There is very little alignment between Communities First and Objective 1. I think that there have been various attempts to make the fit better and there is a fair degree of cross partnership working, but my conclusion from visits to places on the ground is that the two are running almost separately. There is very little connection between them. It’s a disaster in theory. I think that there are major questions and difficulties about the whole implementation of Objective 1 anyway. I don’t think it’s capitalized on the opportunities that it presented and it’s lost a lot of ground by its targeting methods and its decision-making methods (community regeneration worker 5).

He postulated that while decisions regarding local knowledge should remain local, funding decisions need a more strategic overview, particularly in regard to the difficulties faced by small capacity community organisations. He argues that this has often meant that many
decisions that needed greater coordination tended to be made by those organisations that had the greater capacity to do so. This lack of strategy has often meant that the third sector have come a very poor second to bigger agencies that have been able to transcend these difficulties.

Creating the conditions for sustainable social and economic development?

One of the major concerns of some of the interviewees from community groups and organisations was felt to be the sustainability of the whole project in the longer term, particularly the regeneration parts of the programme. Considering the longer term aims of this particular Objective 1 programme, as Bachtler (2003:31) has asserted, 'there is a strong focus on sustainability, defined variously in economic and environmental terms, and on individuals and communities'. Within the measures in Priority 3 for example, the regeneration of targeted communities has been acknowledged in this programme in terms of being a long-term project where there is no short-term fix. The Objective 1 programme itself runs from 2000 to 2006 by which time it is hoped that the conditions will be in place to deal with the 'tapering off' of money that is expected after this date and with the enlargement of the EU into Eastern Europe. This is particularly important in the community regeneration parts of the programme where community groups and organisations will be expected to show, not only some kind of impact in their particular areas, but that they will be able to operate on a sustainable basis which, to all intents and purposes, means that they will be able to generate some kind of autonomous income through which to enable development and continuing impact upon the issues that they had been funded to address. An awareness of these issues was shown by this community crime organisation that had been successful in becoming partly independent of the EU aid that had been used in part to enable it to develop on a more autonomous basis. As he explained:

People complain when grant funding dries up but the whole essence of having a grant
originally is...especially if it is community fund...especially if it is ESF or ERDF you can have it for nearly six years...well during that six year period you should be looking to sustain that project yourself because you are not going to get the funder to fund you again after another six years (community group interview 4). 

This interviewee told me about the particular problems that had been experienced by his organisation in regard to their future sustainability:

And they keep talking about, you know, voluntary sector, community led and a lot of the stuff comes through volunteers...but they expect then to develop these infrastructures but they never ever will become sustainable unless they start to become social enterprises within a community led framework (community group interview 5).

This interviewee stressed that he and his organisation had become particularly adept at accessing European money, and due to this, had been able to finance a number of successful projects from both ERDF and ESF money in both Priorities 3 and 4. However, he pointed out that recent bids had been met with the accusation from WEFO that they were now ‘duplicating’ projects that had appeared in previous bids. As he explained, the strategic planning of his organisation had been done on the basis of ‘sustainability’: working through the four measures in Priority 3 in order to develop the potential of the social enterprise aspect of the projects. As he argued, recent bids, far from ‘duplicating’ previous projects, had been intended to provide continued finance for the organisation’s staff in transitional roles that were ultimately intended to be self-sustaining. As he explained:

They keep talking about, you know ‘employment, employment, employment’, and now this is where we are coming to in the next project, where it’s now ‘oh, we have funded these posts before’. Well, what are they there for? It’s not about these projects being funded before; these posts are now progressing. These are ones that now need refunding to take it further. But its ‘oh no, we need additional posts, we need this, we need that’. Well that’s not what it was all about. But it’s an outcome for them; its tick boxes...another tick box. And that’s what I am saying: they didn’t think when they were going through this properly...it was just tick box, tick box (community group interview 4).

Developing and facilitating the social economy is something that has been strongly
encouraged by the European Commission and, as the above interviewee pointed out, this is a visible measure in Priority 3. The development and facilitation of the social economy has been seen as the most realistic way forward to encourage the *sustainability* of social and economic development in Wales and is seen as one of the ways through which to maximise the efficient spending of Objective 1 money. As Adamson and Byrne (2003:16) have pointed out, 'recent debates about globalisation, sustainable development and social inclusion have all served to focus attention on the potential of the social economy to provide answers to some of the intractable problems facing contemporary governments'. This viewpoint was corroborated in this interview with an official from the WDA in regard to the possibilities provided by European funding:

Well the European Commission is very strong on social enterprise and very firm on that. And that's all about listening to people with the economic slant on it and it's about being sustainable and being there for the long term so its not here today and then we are going to relocate to somewhere else, they are there for the long term because the aim of the project is to provide for that community (WDA interview ¹).

However, this community group leader saw this scenario very differently, despite following this line of thinking. As he argued, attempts to move, what had up to this point been very successful projects, into the social economy and onto a more sustainable future, were met with *state aid* barriers when applying for money from Priority 3, measure 4:

They came back with state aid. Every time that issue comes up: state aid. It feels like somebody somewhere along the line is saying 'don't forget about state aid'. All of a sudden its everywhere you go related to an application there is something about state aid that comes up. You talk about credit unions...now a colleague of mine who also works in the voluntary sector has been involved in credit unions: they can't get European money because of state aid rules. It's alright though to see loan sharks who are working in these communities. We don't want to give state aid to credit unions because we are going to compete with loan sharks! And when you look at these communities, loan sharks are through the roof because its...CCJs are the norm in a lot of the households; they can't get a normal loan so they have to go to a loan shark. But they won't give credit unions money for what is basically taking the loan shark out of the scenario (community group interview ²).
He argued that loan sharks were a particular problem in an area that was blighted by economic and social impoverishment:

Everything is ‘come and cash your cheque here’. It’s those sort of places you think ‘oh shit. Is it that bad here?’ But people accept it though, that’s the problem. People in the valleys accept it...‘well you know, as long as I got my money to keep on who cares’? And this is the point where you start to develop community led stuff and you think ‘right, lets start to challenge it’ and we get kept down by this bloody process (community group interview 5).

As far as his own organisation was concerned however, they were hit by state aid barriers in their efforts to use European funding to expand and develop the projects in their area. As he pointed out, the projects that had been established up to that point had been relatively successful:

All these streets along here, they use to be shops. They have closed since the mines closed. So this is about now, re-opening these shops, but owned by communities so all the profit stays here. And they are talking about state aid. So that was the point: all the shops have closed since the mines have closed and we’ve been looking at reopening and redeveloping them but they will not give us the money on the basis of ‘oh well you are going to create something that’s going to compete’. This is WEFO. So all of a sudden when you are looking at funding streams you think well it’s a waste of time going to Objective 1 funding for that because you are going to get tied down in state aid. But who else is investing in the community? State aid shouldn’t even be an issue (community group interview 5).

When this interviewee queried the application of state aid rules in this instance, he argued that WEFO were not entirely sure themselves why they had applied the ruling. He pointed out that the situation was passed between departments with nobody really sure why state aid should be an issue. A basic understanding of state aid rules, he asserted, would be anything that could be said to contribute to ‘distortion of competition, but as he explained:

If there is no other competition in the area how can it distort? There is no way that if they gave us that money that it is going to distort the market. So at the end of the day they should give it to us and say go ahead and implement that. And if Brussels comes back to them and says ‘sorry this is not right’, so be it: what’s the worst-case scenario they could do? They could ask for their money back (community group interview 5).

Another interviewee pointed to the situation involving a minibus scheme that had been piloted
in his area. The aim of this had been to go around collecting over 60’s and taking them up to the local hospital and elsewhere for medical needs. A European bid structured around this had been stopped by WEFO who argued that it would challenge the taxi service in the area:

We told them that these people don’t use taxis otherwise they would be using taxis to go to hospital anyway. But they don’t use them because they don’t have the money: from here up to the hospital and back is £10. Well I am not being funny but these people don’t have £10 to do that on a regular basis: this is all about developing an infrastructure to let people move about (community group interview 2).

Concurring with the above argument, this interviewee pointed out:

I think that having applauded them for having Priority 3 and really been sincerely behind it, they have had people dealing with Priority 3 that really do not understand communities, do not understand how these things work and have tried to apply standards or principles that is within their own experience, which aren’t appropriate when you are trying to assess a community based project (community group interview 3).

Reflections on bureaucracy and the New Public Management of regeneration

In the NPM ideology, public accountability is both an instrument and a goal. What started as an instrument to enhance the effectiveness and efficiency of public governance has gradually become an end in itself (Bovens, 2005:4).

Earlier, Martin (2003) pointed to the various ways in which political institutions in the UK are trying to engage citizens more fully into the policy process. As argued earlier in the thesis, the principal mechanism for engaging local knowledge into the Objective 1 policy process has been the emphasis on ‘partnership working’. However, as some of the interviewees pointed out, these partnerships are not always egalitarian and are often driven by the agendas of more powerful individuals and agencies.

Several of the interviewees in this chapter have highlighted the significance of what Taylor (2003:129) has described as the ‘audit culture’ in regard to the funding experience for community groups and organisations. As she suggests, contemporary funding provision for
community and voluntary organisations often serves to consolidate a ‘tick box mentality’, which has been:

Reinforced by the ‘new public management’, with its targets, benchmarks and performance measures. Even where requirements are not written in stone, guidelines invariably frame the ways in which those who are less powerful understand the tasks ahead of them (Taylor, 2003:129).

Commentators such as Rowe (2001) and Taylor and Parkes (2001) have argued, in regard to European funding initiatives in particular, that there is often an overemphasis on measurable, largely economic outputs and a narrow perspective based upon ‘performance’ rather than through the lens of an overall policy vision.

Within this audit culture, Taylor also points out that ‘the demands of monitoring and accountability more often than not take place in the hands of those who can interpret the rules where regulation tends to ratchet upwards, very rarely downwards’ (2003:129). She suggests that NPM often removes the politics from decision-making structures and very often contributes to a ‘technicalisation’ of social problems rather than a search for innovative solutions.

Summary

From the interviews in this chapter, it is clear that there are a number of bureaucratic barriers to effective participation for third sector community groups in the parts of the Objective 1 programme that were designed for this purpose. The last chapter pointed out that the third sector engagement in the partnership process can often be dependent upon the degree to which particular areas demonstrate a strong local authority/weak civil society scenario or visa versa. As some of the interviewees in this chapter pointed out, while consortium bids and key funds
have been developed to address criticisms of bureaucracy that have been levelled at the programme, these may also depend upon who is involved, the agendas of the agencies involved and what the relationship is with the community groups and individuals from civil society themselves.

It was the actual funding process itself that many of the individuals interviewed felt was the biggest barrier to effective community engagement. For those organisations that applied directly, the bureaucracy involved in the process was seen as something that needed a great deal of expertise within a quite specific way of doing things. Some of these groups were lucky enough to have staff that had worked for statutory bodies or agencies where they had been able to gain experience in accessing European money. It was felt by some of these individuals that some of what they considered to be their 'local knowledge' of the areas in which they worked had to be changed to a certain degree in order to meet the criteria that was demanded by the pro-forma. As already argued, key funds have been seen by many as a way through which to overcome some of these difficulties and community groups in some areas have been able to utilize this way of accessing European money. However, some of the groups that were interviewed argued that key fund bids, although written much more from the community perspective, were still framed by a specific business agenda, whereby the individual writing the bid needed at least a certain degree of knowledge in this area to be able to meet the criteria demanded by WEFO and the European Commission.

The criteria demanded by the Priority 3 measures was also felt by many to be too centred upon what was termed by one interviewee as 'economic outputs'. While Priority 3 and the shift
towards community centred solutions and 'softer measures' has been heralded as one of the
most innovative aspects of the Objective 1 programme, some feel that even these parts of the
programme are still too heavily weighted towards creating jobs, employment and training
measures. In fact, this has been one of the areas where the more experienced writers slant
their bids to be able to demonstrate that they will cover these areas, even if they know that
eventually these may be difficult to quantify.

While the whole Objective 1 programme has been geared towards facilitating sustainability
many of the individuals interviewed from community groups and organisations felt that this
was often unrealistic. A couple of the more successful projects argued that the whole process
was too fractured to be able to support sustainable projects. A few groups that had tried to
move their projects into the social economy aspect of Priority 3 had met with
misunderstandings over issues such as state aid, where rules on market competition ultimately
worked against local knowledge and ways in which community groups sought to sustain their
projects through social entrepreneurship.

The last section of the thesis tied these experiences into the theoretical argument developed at
the start of the chapter concerning the bureaucratic requirements of policy in an era
characterised by the New Public Management. The argument developed suggested that the
democratic credentials of this area of policy might be compromised due to a policy structure,
which is framed within this overall agenda.
Chapter 9

Building ‘capacity’ in marginalised communities: are political institutions listening to civil society?

Introduction

I would say that the greatest weakness of Objective 1 has been that it’s not empowering at a grassroots level by any stretch of the imagination (community group interview 8).

After examining differing perspectives on the way that European governance and contemporary integration is unfolding and considering, in particular, the role that the revised structural funds now play in informing the European social model, the last two chapters explored the experiences of third sector community organisations in the Objective 1 programme in west Wales and the Valleys, examining particularly the hypothesis that local knowledge now plays greater role in addressing the social consequences of market convergence. Through interviews with a range of individuals and organisations involved in the Objective 1 process, the overall feeling was that, while there is greater participation from grassroots organisations in the community development measures of the programme, there remain a number of barriers to effective, democratic engagement. It was felt by many interviewees that the barriers discussed in the last two chapters are often instrumental in structuring and regulating the extent to which input from community organisations is accommodated into the process. As the data in the last two chapters suggests, these barriers range from: the culture of the surrounding political channels or partnership structures through which groups must network, compete and participate in order to access funding and to stay ‘in the loop’ of the process; the bureaucracy involved in the monitoring, recording and evaluating of the funding process; the difficulties that are
involved in finding and synchronising match funding for community groups; targeting issues and lack of coordination between different regeneration programmes and lastly; in regard to the overall implications of these problems, many of the groups that were interviewed questioned the long term sustainability of many of the projects that were being developed in this part of the programme.

Following up on these themes, this chapter looks more closely at the concept of 'capacity' and 'capacity building'. While the emphasis upon partnership working and what Diamond (2004:177) has described as 'multi-agency partnership cooperation', is seen as the primary mechanism through which to promote the democratisation of the decision-making process in this policy area, it has been acknowledged by the Commission and by the Assembly that even within this new framework, in order to encourage true representation, participation and input from community groups and organisations, then a period of capacity building within these communities is essential to be able to ensure the success and long term sustainability of measures that have been designed to involve local knowledge in tackling the particular economic and social issues that qualified west Wales and the Valleys for Objective 1 funding in the first place. The measures in Priority 3 in particular, all contain elements that are designed to address the importance of developing capacity at a grassroots stage of community development while the elements in Priority 4 complement the more specific education and training measures that are needed to inform the development of capacity at a more individual level. This interviewee from the WCVA pointed to the importance of including a programme of capacity building in the Objective 1 process:

When you're actually talking about tackling hard social and economic problems within communities, you are talking about building the confidence and capacity of individuals to actually take control, which is something that hasn't happened in the past (WCVA interview).
Indeed, one of the most important considerations from the European Commission in respect of the awarding of Objective 1 status to west Wales and the Valleys in 1999 was a concern that the local funding mechanisms would need to be facilitative of concentrated support on those areas that needed help the most and that there had to be more of a grassroots, community based involvement than had previously been the case. Quite clearly, with this argument in mind, capacity building is one of the cornerstones behind both Objective 1 and Communities First: initiatives that have been put in place with the aim of addressing the needs of communities that have suffered social and economic decline over the past thirty years or so. Priority 3 and appropriate support from Priority 4 are the principal measures in the Objective 1 programme that have been designed with the intention of facilitating the development of ‘capacity’ and the realisation of the ethos that the best way to regenerate marginalised communities is to involve the inhabitants themselves in this process. Engaging community support at this grassroots level at this point can then be allied to a more ‘joined up’ policy approach where the various agencies involved in the overall development strategy can work together to a partnership agenda that is designed to create the conditions through which to facilitate economic growth, create greater employment opportunities and, overall, provide a more coordinated approach in tackling social exclusion in areas that have been socially and economically marginalised.

This chapter reflects firstly on Taylor’s (2003:xii) argument on the political implications of the concept of capacity building, where she speculates: ‘is there not something paradoxical in the idea that one set of people can ‘empower’ others? In this way, the chapter then considers Miller’s (2004) observations on the agency driven approach that underpins ideas such as capacity building where, in normative terms, it is illustrative of the relationship that
now exists between the individual and social policy in an age of economic liberalisation.

According to this argument:

Agency and subjectivity are firmly located inside the individual subject. To take up the challenge, we must be prepared to engage in continuous learning and reflection, a message echoed in government policy rhetoric. However, the meaning of the challenge is very different if the subject is affluent, economically secure, healthy and educated as opposed to economically marginal or destitute, diseased, malnourished, uneducated and socially excluded (Miller, 2004:8).

With these observations in mind, the chapter examines the concept of capacity building through a cross-section of interviews with individuals involved in the community development measures in the Objective 1 programme, exploring questions such as: ‘what is capacity building: what is the ideology behind it? Who are the groups and individuals that have been targeted for capacity building? What and who is capacity being built for? Finally, what are the problems in this scenario?

The ‘learning region’ in the new global economy: building economic and social capacity

In accord with much of the contemporary academic literature and political rhetoric that surrounds the so called ‘learning region’; the region as ‘the locus of the new political economy’; and the region as the new driver of global capitalist enterprise, the issue of ‘capacity building’ has become something of a buzzword in modern political and economic thought. In particular, the influential work of writers such as Porter (1990), Putnam (1993, 2000) and Ohmae (1995) suggests that one of the indicators of the strength of a region’s economy, and subsequently its democratic credentials, can be measured by the institutional and social capacity that it is ‘present’: that is, its ability to facilitate an inclusive form of governance which includes a flourishing civil society marked by high levels of social capital. Putnam’s work in particular would seem to provide a theoretically more rounded gloss on both Porter’s and Ohmae’s business centred model to account for a more holistic,
sociological perspective on building democratic capacity in late capitalist societies. Putnam’s particular observations suggest that facilitating the development of ‘social capital’ in individuals can enable the widespread reciprocation of values such as trust, mutuality, networks of association and ultimately a healthy level of social cohesion throughout all the sectors of a society. In a world now characterised by the disappearing political polarities of left and right.

Indeed, as Day and Jones (2006) point out, the connection between a thriving civil society characterised by high levels of capacity and healthy economic development has become central to the ambitions of early days of the WAG where ‘greater democratic participation and involvement within Wales has been viewed as a necessary condition for a more innovative, enterprising and successful economy where such arguments imply a need for the mobilization, and transformation, of Welsh civil society’ (2006:82). These aims have been actively encouraged by the Commission and illustrate much of the ethos surrounding the advent of Objective 1 to west Wales and the Valleys and the particular programming strategy that it has been aligned to.

As has already been argued, part of the philosophy that underpins the budgetary and political expansion of the European structural funds in recent years, has been the inclusion and encouragement of a more ‘community’ oriented response to the particular problems of market failure in the EU. In these respects, the structural fund reforms, and particularly Objective 1, have been designed specifically to combine economic efficiency and social needs. As the interviews with Commission officials pointed out in Chapter Six, they are not fiscal measures in the traditional sense of redistributing wealth, they constitute opportunity mechanisms through which it is hoped that beneficiaries will able to solve
their own economic and social problems through market based solutions. It is in this way that facilitating the development of ‘capacity’ in contemporary regional development programmes such as the structural funds is seen as such an important process. As Diamond (2004:183) argues, ‘the renewed emphasis on capacity building can be seen as part of a perceived need to strengthen the institutions of civil society as well as to address issues such as social exclusion’.

The rediscovery of capacity building

While ‘building capacity’ constitutes a central aim of the community development parts of the Objective 1 programme, the interviews illustrated a range of different perspectives on what they thought was meant by the term and how it is to be brought about in practical terms. For instance, this was the view of this Assembly Minister on what she thought was meant by the concept:

At local level, capacity building is about ensuring that people can exercise their skills and you need to build capacity all the way through from the youngest children being encouraged to exercise their brains...and not in the sense of falling into the trap of having stimuli that don’t encourage them to exercise any imagination. For instance, they are sat in front of a television all day and no adult stimuli, nothing to encourage them to play or think or...and so we actively need to look at a curriculum that enables us to tackle some of those inherent issues in some of our young children coming to school. And the same philosophy must operate right across the board (Assembly Minister 4).

Here the argument is that institutions – particularly educational and related public sector bodies – should be primed to informing and educating individuals throughout the life cycle, not just within ‘traditional’ methods of learning, but in a more ‘holistic’ framework approach: encouraging other aspects of agency such as self-awareness, self-autonomy, choice and responsibility. Echoing the views offered by the Assembly Minister, this interviewee from the WDA, added to the above perspective on the how to aspect of capacity building measures by pointing to what the regeneration priorities in Objective 1 should be striving towards in the long term:
You need that element of capacity building so that people realise that, you know, nobody is going to do things for them; they have to get up and do it themselves. And within every community what you usually find is that there are a number of individuals who have got that drive to do something, and its maybe because they are passionate about a cause in some area or it maybe because the community needs a product or a service and nobody is going to come in and provide it for them so if they really want it they are going to have to do it themselves (WDA interview 2).

An interesting point made in the above interview is the emphasis on the *individual* in a time where economic and social ‘certainties’ can no longer be guaranteed. In this scenario, agencies such as the WDA – and this has seen the change in their role in recent years – see part of their remit as encouraging individuals to take their share of responsibility for the social and economic changes that have been characteristic of the last two decades. This was a point reiterated by this representative from the WCVA, who was very clear on what he saw as the main aims in the capacity building part of the programme:

> I think that you have to be clear on what the programme is trying to achieve. You can’t just have capacity building for its own sake and the Objective 1 programme is an economic development programme, whether we like it or not...it isn’t about funding mainstream community and voluntary organisations activities. You can fund that but it is basically ‘means to an end’ so the purpose of funding those communities and voluntary organisations is to achieve x...you know? It’s not just to keep them going (WCVA interview 2).

In agreement with the WDA official, this interviewee pointed out that it is important to understand that capacity building in the Objective 1 programme has a very clear aim: it is to enable people to participate in an economic development programme. In this way, even the community development parts of the Objective 1 programme are ultimately framed by a specific end goal: market participation. In fact these extracts echo some of the earlier interview data from the European Commission, particularly from the Regional Policy interviewee who had stressed that, fundamentally, it was the EU’s principal role to *enable* individuals and regions in programmes such as Objective 1. As opposed to doing it through a redistribution of resources, as she stressed, the structural funds are very much based upon the redistribution of opportunities.
Capacity building, ‘reflexive modernization’ and social policy

These views on capacity building and what it must entail in subsequent policy measures generally reflect the arguments of theorists such as Putnam and also other writers such as Giddens (1998, 2000). Giddens, in particular, argues that ideals such as democracy and social justice in the contemporary era must still be considered as an integral part of a ‘progressive politics’ where the ambitions of the left must be now be translated into a realistic reflection of the changing circumstances ushered in by the change to a post-Fordist political economy. He points out that social policy measures in the contemporary era must now develop concurrently with the idea of a more individualised society and the advent of the ‘self-monitoring individual’ and the ‘reflexive agent’. The institutions of state provision have become ‘hollowed out’ by the reflexive stage of modernity that he argues we are now in. Institutions such as the welfare state and educational establishments now have to be much more receptive to the idea that the risk, or reflexive stage of modernity, brings with it the possibilities for new choices or life chances. According to Giddens, government initiatives in social policy are now about creating the conditions for what he calls the freeing up of the reflexive agent who is now able to make more informed decisions based upon a non-linear, individual life-course. Taking its starting point from these ideas, it is the promotion of life choices that will inform a mutual reinforcement of both economic and social elements as opposed to defining them as fundamental opposites. Here, philosophical conceptions of structure and agency have become reconfigured in order to reflect the social and economic conditions of late modernity. Fundamentally, it is these ideas that inform concepts such as social capital and capacity building and how they are to be brought about in policy. Ultimately, regeneration programmes such as Objective 1 aim to facilitate social reflexivity and empower social agency in areas where this may be lacking.
This conception of what capacity building means from the policy making end of the spectrum, corresponds in many ways with the arguments developed by ‘governmentality’ theorists and, in particular, Rose’s (1993) argument which postulated that the role of governance in social policy in the most recent phase of capitalism is about managing social problems according to what he calls the imperatives of ‘advanced liberalism’, where he points out that:

Advanced liberalism does not seek to govern through society but through the regulated choices of individual citizens. It seeks to detach the substantive authority of expertise from the apparatuses of political rule, relocating experts within a market governed by the rationalities of competition, accountability and consumer demand’ (Rose, 1993:285).

This argument suggests that political rhetoric around ideas such as social capital and capacity building reflect dominant ideological conceptions of agency in late modernity and the prescription of greater individual responsibility in policy areas such as those that address social exclusion. This interviewee from a CVC for instance, points to the significance of the particular origins of ‘capacity building’ as a social and political concept, where she argues this can tell us a lot about its contemporary use and of the interests of those who use it to frame policy:

I tend to go back to the old fashioned use of the word capacity building which is its proper meaning which is ‘learning by doing’. But it did have a previous existence which was the ability of an organisation to exist – because it actually comes from business. There is the old business motif which is to exist and profit (CVC interview’).

Problems with the idea of capacity building

With regard to the above comment, it is here that the first signs of a mismatch between the idea of capacity building from the point of view of policy makers come into conflict with the ideas of what the fundamental issues involved in capacity building are to those who know best: i.e. the communities and the groups and individuals who work within the areas that have been designated as ‘lacking capacity’ in one way or another. This interviewee
from the WCVA had to say about what he saw as the difficulties in equating the policy framework of Objective 1 with the realities that characterise the problems facing community development and regeneration initiatives in Wales:

The main one is probably the lack of understanding of what capacity building is about by the people who are supposed to be funding it. I do think that, and we've had this argument for probably five or six years and the previous programmes, about capacity building; very often the people that give the match funding...the biggest problem you've got is that the majority of funding, for agencies like ELWa, WDA, are all output related. Capacity building does not fit with an output related programme (WCVA interview 1).

This representative for a CVC agreed that the concepts of capacity and capacity building were not necessarily very well understood from the point of view of the European Commission or from the WAG:

I think that the concept is well adopted but isn't well understood at the European level, national level and at local level. I think that its been helped at local level by Priority 3 and by communities first and I always mention the two together, these programmes, because they come so close together that they have to have a relationship; they have a funding relationship as well. And I think that maybe at local level it is more developed but I am not sure that at a national level or a European level people really understand. I don't get a sense of that being a concept that is emerging in any high profile way. It should be, because that is what our experiences in Priority 3 should be leading us towards understanding (CVC interview 1).

Another interviewee suggested that, it is not necessarily that 'capacity' is missing from these communities as is sometimes mistakenly believed, rather that it is present in a different form than that which is assumed by policy makers. As he points out:

The first thing is never to underestimate the skills and capacities that communities already have. I think that there is a tendency to think of communities as devoid of, particularly marginal communities, as devoid of people with skill and capacity. This is definitely not the case and they have proved that themselves time and time again. Some of the best projects I've visited are led by community members (community regeneration worker 2).

Writers such as Taylor (2003) corroborate these views to a large extent but go further, arguing that a more holistic, and subsequently more realistic understanding of what 'capacity' is, and what community development programmes that seek to address this should entail, must firstly be understood within an understanding of 'power' and of the
power relations that inevitably structure social and political networks. The last two chapters have explored what some of these power relationships are. For instance, while one of the main aims in augmenting the partnership structure in the Objective 1 process has been to more fully involve the third sector in the decision-making process, in many cases it is obvious that some partners are ‘more equal than others’ in the final reckoning. This phrase could easily be translated into ‘some have more or greater capacity than others’, or at least capacity of a different type. This has been an issue addressed by McConkey (2004) in relation to some of the problems that become apparent when trying to engage ‘marginalised’ groups in the policy process. McConkey offers the argument that ‘individuals belonging to such groups may suffer from a lack of credibility where the process of credibility assessment that occurs tends to be biased in favour of those groups who are already powerful or privileged in society’. This process of ‘cultural imperialism’ means that the more powerful groups are often in a position to either ratify or discredit the social codes that inform communication. According to this argument, the concept of ‘capacity’, and the possibilities for an agency response, are intrinsically related to the power to define what it is and, by implication, what it is not.

This theme was picked up by this interviewee who pointed to a cultural ‘gap’ in the ‘norms’ that often play a part in structuring the communication between partnership participants such as the ones that underpin the Objective 1 strategy on regeneration. As she points out, while the community development measures in the Objective 1 process are in place to encourage individuals from marginalised areas to contribute their expertise, it these conditions that very often prevent greater participation and community led project development:

I think that there is also a mistaken perception that people who live in deprived areas have plenty of time on their hands. In fact, it’s quite the opposite. Because people are very
often unemployed, people seem to think that they have a lot of spare time...because all this relies on a lot of voluntary time and a lot of voluntary action and the good will of these people. What the policy makers aren't recognising is that many of these people's lives are very chaotic. They live very much on the edge of many other types of existence, because they are poor, because they can't get good services, because it takes them twice as long to get to town because they may not have their own transport. Because, very often, there are no public phones anymore. There are very often issues in these people's lives that take up all of their day and then we are expecting them to give up all this voluntary time (community regeneration interview').

**Capacity building and social exclusion**

Today's 'underclass'...inhabit a space characterised by a deficit of economic, social and cultural regulation. In such spaces older organised capitalist social structures – industrial labour market, church and family networks, social welfare institutions, trade unions – have dissolved or at least moved out...unlike the spaces of city centres and the suburbs they have not been replaced by the information and communication structures (Lash and Urry, 1994:80).

As the regeneration worker in the above interview asserts, it is important to consider the context in which these programmes take place in order to fully understand what the concept of 'capacity building' is aimed towards from the perspective of the policy makers, and also in consideration of the issues that need to be addressed. As argued earlier, while the community development parts of the Objective 1 programme are designed to tackle the problems in marginalised communities, building capacity through the facilitation of agency is seen as the most appropriate way in which to do this. Lash (1994:111) has argued that late capitalism or what he calls 'reflexive modernity' is indeed characterised by an increasingly dominant viewpoint concerning ‘the ever-increasing powers of social actors, or agency, in relation to structure’. As various interviewees at the start of this chapter pointed up, this line of reasoning forms a central plank to dominant ideas of capacity building and how it should be facilitated in policy. Drawing on Rose's earlier (1993) argument, it is apparent that governance is no longer about direct intervention into areas such as social exclusion but is about creating the conditions for individuals and communities to solve their own problems within a framework that has been set by the new
market orthodoxy. In this way, facilitating social capital in individuals and developing capacity in marginalised communities is primarily about empowering people to be able to be able to look beyond and ultimately to transcend structures. As Berner and Phillips (2005:17) argue 'properly empowered or at least enabled, the poor are assumed to be able to overcome deficits of infrastructure and services and to exhaust their tremendous entrepreneurial potential'. For example, those who are unemployed must look to see how they are able to rejoin the labour market and whether the reasons that they might have been excluded was due of a lack of skills, or perhaps through geographical reasons. In other words, they must begin to question their own individual behaviour and their own subjectivity. 'Capacity' in this sense could be said to be about the ability to see opportunities as opposed to barriers.

However, writers such as Lash suggest that it may be inherently overstating the case to suggest that the information and communication structures of the new political economy can realistically provide the 'new structural conditions of such free and knowledgeable agency' (Lash, 1994:111). In fact, Lash asks the question: 'if modernity and economic development are about 'the progressive freeing of agency from structure, then why is reflexivity found in some places and not in others?' (Lash, 1994:111). He asserts that while there is undoubtedly a large increase in the number and activities of reflexive producers such as in the software sector, computer and semi-conductor production, in business services and machine production:

What about the post-fordist creation of millions of 'junk jobs' of down graded manufacturing jobs in, for example the apparel sector of the last decade and a half; what of the creation of the massive 'MacDonalds proletariat' in the services; the systematic creation of large armies of unemployed, especially males? What about all of these new labour market positions which have been 'downgraded to a position below that of the classical (fordist) working class? Are there in fact alongside the aforementioned 'reflexivity winners' whole battalions of 'reflexivity losers' in today's increasingly class polarised, though decreasingly class-conscious, information societies? Just how much
freedom from the necessity of 'structure' and 'structural poverty' does the ghetto mother have to reconstruct her own 'life narratives'? (Lash, 1994:120).

Importantly Lash, and other commentators such as Castells (2000) and Ritzer (2004), argue that there has been a subsiding or 'emptying out' of the social structures and of the institutions that fostered economic and social regulation in industrial modernity and, importantly, played a central role in empowering these areas and the individuals within them. These structural shifts or processes have been particularly felt by the areas and communities upon which these regulatory networks were built, often making it difficult to develop the social reflexivity demanded from conventional capacity building programmes such as those in Objective 1 or Communities First. Thus, in south Wales the mines have closed, the steelworks have moved elsewhere or drastically reduced their labour force, leaving large areas characterised by what Lash has called 'the impacted poor'. While the new global or information economy may well mean greater opportunities for some, others have been excluded from the new informational network whilst having to bear the full force of these changes, arguably limiting the possibilities of an agency response. As well as the movement of labour markets out of these areas, the power of large industrial trade unions has been diluted, the old industrial jobs have moved out, welfare state agencies have become victims to cuts in public spending, and social network points such as the local pub, church, family or community centre are no longer the influential nodes of communication they once were. These changes have all been framed and contributed to a society marked by increasing 'individualism' and a move away from a more 'collectivist' response to the social privations that have been perpetuated in part by market shifts. The significance of these changes was pointed out in this interview:

When you look at communities and you look at sort of community leadership and people that have sort of emerged as leaders in communities...in the old days you had the miners' lodges, you had the chapels and the churches, you had...those were the institutes, those were the training grounds weren't they...for how you organised things? Old fashioned but nonetheless training grounds and ordinary men, mostly men, learned committee work and
that kind of thing there. What we find is that you are now working with people who have no opportunity, at any part of their life to have been part of anything, where you have to learn those skills. So you are trying to help the community find its capacity to organise and be effective and things; rediscover it really because they haven’t got you know... there has been a break in generations for that kind of inheritance if you like. So, as I say, you’ve got a sort of passivity allied with a disappearance of the institutions that help people to grow and develop as individuals (community group interview 1).

The interviewee argued that there must be a greater acknowledgment of the significance that the social networks, sense of ‘community’ and capacity to ‘self-organise’ that characterised the social regulatory structures of industrial modernity in south Wales are no longer in place. The disappearance of this particular kind of community ‘capacity’ was pointed out by another interviewee who again pointed to its original significance in creating an effective democratic countering mechanism to the structuring properties of market forces:

Well that was the whole issue within these communities wasn’t it? Everything was based on these communities... everything was in the community, it was all centred round there, the unions were central to everybody’s lives. But what is the impact on these communities when these people lose their jobs? The whole thing of unions and things like that have totally been lost in these communities. You know, in the past, they would all have voted together, they were all in it together, they stood together... they go down the club now... what do they do now because they are not linked into any unions there.... there’s no structure there. It’s gone. The men are probably saying ‘oh what’s the point?’ I used to watch the riots and the closure of the mines and can understand why they were marching because those mines were not losing money (community group interview 4).

As both these interviewees pointed out, a democratic space through which people could come together in networks of participation was much more prevalent and more accessible in these times where organisations such as the Miners’ Welfare Society and the Friendly Societies provided what Clarke et al (2002:5) have pointed up ‘as a symbol of social and economic solidarity that serves to demonstrate something fundamental to those who would introduce the notion of community development for the regeneration of the de-industrialised communities of the south Wales valleys’. Sociologically, the strength of these networks of association were that they were able to link individuals together in a very
political way where communities were able to affect the particular socio-economic conditions in which they were located.

On a theoretical level, the work of Beck (1999:109) has been important in explaining how the structuring, spatial characteristics of capital accumulation have been instrumental in affecting levels of reflexivity; the possibilities that now exist for agency to be able to affect structure according to different circumstances and geographical locations; and the differing individual responses to social and economic transition. Here, Beck poses the issue of 'knowledge as opposed to unawareness' (1999:109). For Beck, many of the social consequences of late modern society are not necessarily processed by individuals on a conscious level, which is important in considering issues such as the capacity of individuals and communities and their ability to engage with the social problems that they have to deal with. The distinction becomes an important one where individuals and groups may be forced to choose from within a set of structured decisions. For instance, a company shedding its workforce and migrating to a more profitable production base may play a part in structuring individual choice and decisions and may not always be seen in terms of being a facilitating mechanism for the reflexive individual. This is one example of a situation whereby there has become a restriction of choices rather than an unfolding of possibilities.

'Organic' capacity building, or an exercise in social engineering?

The poor and the relatively powerless may become 'empowered' to participate more effectively in particular development projects and programmes...But, however valuable, or even vital, this may be in terms of particular gains and specific projects in certain places, these are all confined by the constraints of the wider requirements of profitability within the increasingly global market (Craig and Mayo, 1995:5-6).
As the last chapter argued, while the old regulatory structures of industrial south Wales have disappeared along with the particular kinds of community ‘capacity’ that it engendered, it is important to be able to discern the shape and form of the new spaces for ‘participation’ that are being forged by community development programmes such as Objective 1. In this way, many interviewees from third sector community organisations suggest that the new spaces that are being constructed to encourage participation and involvement for the third sector, notably the partnership structures, are much harder to access than the networks that grew as a more ‘organic’ grassroots response to the privations imposed by industrial capitalism. As has already been pointed out, for many groups and individuals in the third sector, the new regulatory structures are not necessarily easy to negotiate due to the unequal nature of many of the partnership boards; variations in the political culture in which they are embedded; the bureaucracy of the whole European funding process and, lastly; the overall agenda through which the whole programme is framed. These would all seem to constitute barriers to effective, democratic community engagement.

This interviewee, pointed out that a more holistic capacity building programme must show an awareness of the ‘cultural divisions’ that may shape the dynamics of partnership boards and often play a part in precluding community or limiting the input of local knowledge in partnership meetings and that ‘structure’ decisions that have to be made regarding community development:

Your average resident from a regeneration estate might not have the capacity, or the ability, to sit on a board of people in suits to decide on how funding is spent. That doesn’t mean that they shouldn’t be there, it doesn’t mean that they are not intelligent and it doesn’t mean that they haven’t got good ideas, it just means that there’s specific training in exactly the same way as if you asked me to go and work in a garage. It’s no different to training people to have good communication skills...there are just different types of skill. You know, the skill to be able to sit around a table of people who get maybe paid a lot more money than you do but actually to realise that your thoughts and ideas are no less relevant than anybody else’s (community group interview \(^1\)).
He qualified these views through his own experiences in participating on the various partnership boards in his area. Despite coming from a professional background, moving in the kinds of circles that he argues characterise the dynamics of partnership meetings and participation in associated activities such as networking, implies particular cultural norms that even he had to ‘learn by doing’:

I had never sat in that kind of environment before and it took me a while with a lot of things that I was doing to realise ‘hold on, I am just as intelligent as the people round this table and my opinion is just as important’. So that’s that kind of capacity building level that we are talking about so that people understand the ways that things are done (community group interview 8).

This same interviewee pointed out that capacity building must include an element of empowering the recipient in the sense of being able to question the way that things are done to a certain degree if it was not to be seen simply as a cosmetic exercise. This community regeneration worker was sceptical to the degree that this was happening in the Objective 1 process, giving an example on public service provision:

I think that what we have to address is that we have to democratically empower people to demand their services and that is part of the process. But what has happened is that it has become kind of hijacked and what people are saying is ‘we’ll democratically empower our people to basically run their own services’. That does not happen to the middle classes. If you don’t have a service you ring up to complain about it. And that’s what we need to more empower people that live in deprived areas. We need to empower them to say ‘yeah I am going to ring up and complain about this and if you don’t deliver our services then we will vote you out and we’ll get someone in who will’ (community regeneration interview 9).

As has already been pointed out, many of the groups and individuals that are successful in being able to access funding in the community measures of the Objective 1 process must ‘think within the system’: that is, in many respects they have to understand and to be cognisant of what is expected from them according to the point of view of the European Commission and also from the regional and local administrators at present. This would suggest that this not about the facilitation of an ‘organically’ developed civil society that is primed towards the encouraging innovation and more democratically circumscribed
dialogue on tackling regional problems in any realistic sense but is about managing and reproducing the structures and the subsequent problems that have been perpetuated by wider, structuring influences.

**Empowering the disempowered?**

Many of the interviewees from the community organisations that have been involved in the Objective 1 programme spoke about the significance of the social problems characterising these communities in considering in agency responses and the development of capacity and social agency in community regeneration programmes. As argued in the previous chapter, many interviewees suggested that the overall programme held a fairly simplistic way of viewing these social problems alongside their solutions. Drawing upon the argument developed earlier in regard to the effects of de-industrialisation, many felt that the structuring processes of capitalist activity in Wales have perpetuated a series of disempowered spaces where a great many individuals who inhabited them felt that they no longer had any real control over their surroundings coupled with a perceived inability to change their own individual circumstances. These interviews illustrate, in many ways, the low levels of reflexivity that characterise these areas. As this community worker pointed out, it is this sense of empowerment that is noticeably lacking in many regeneration targeted areas. As she argued, many of these communities are characterised by:

Chronic lack of self belief and confidence; a structural scepticism or cynicism about anything worth...that kind of...and that’s born of I think a kind of structural poverty: a poverty of aspiration and of life really. Perceptions, you know, hardened perceptions of ‘oh well that’s the way it is’. There’s no ‘we can do this’, or ‘I can do this’; there’s very little of that...people kind of not seeing possibilities, only too willing to see negatives...almost a sort of will to not see things happen because it is like a self-fulfilling prophesy: ‘well it won’t work, nothing ever happens around here (community group interview’).

Writers such as Byrne (2002) echo the thoughts of Lash in arguing that capacity building initiatives and to what extent they can effectively inform regeneration programmes must be
considered within the context of the wider *structural* processes rather than as more autonomous issues that could be addressed in isolation. Indeed, the depth of the social problems that brought Objective 1 to Wales in the first place would seem to confirm the observation made by Adamson (2006) on the problems that are inherent in regenerating a region that has been ‘tested to destruction’ by both the activities and the in-activities of global capitalism in the late 20th Century. This community group interviewee for instance seemed fairly pessimistic when asked whether he thought that the Objective 1 programme would ultimately be successful in regard to building the kind of capacity in the region that would enable social and economic regeneration in these communities:

No. For us it is. But because we had the capacity to take it forward and we created links around us that we managed to work out between us. But what I have been told is that we are one of the only authorities that have actually spent all of our application of the money for priority 3. If you go across Wales, they haven’t. Perhaps they weren’t in a position where they had a network like we had to work together... 'cos we did not work through statutory agencies, we worked as agencies and community groups all working together (community group interview 5).

When pressed on an answer as to why he thought that his particular organisation had been able to mobilize, organise and develop capacity at this level where many others had not, he argued that it was only the shear tenacity of particular individuals that enabled them to challenge the many barriers that faced third sector organisations working at the cutting edge of community regeneration. He reasoned that, for many, the structural barriers that they faced often dissuaded them from participation. The problem then became one of *representation* as this community resources officer pointed out: if there were only certain individuals that were coming forward then this may not be representative of community involvement in the regeneration process:

There is a core of community activists in an area like this who are always going to be there, who are always going to be first at the table. But you need to take care that those core of activists don’t become the usual suspects that... becomes an exclusive group and monopolise. So I think that there is a responsibility to make sure that you have got a
framework and process in place that recognises that there needs to be capacity building available to encourage wider involvement (community economic resources officer).

Again, for writers such as Beck (1999), the significance of this argument revolves around the question of conscious and unconscious levels of decision-making and whether individuals are aware of the wider contexts within which choices are made. More importantly, he argues this also relates to questions concerning whether individuals believe that they are able to exercise freewill in affecting and manipulating their own environment and can impose their will in informing change. Others will have less trust in their own sense of agency and may relatedly have less trust in the system to represent their needs. This was apparent in this interview with a WCVA official who explained to me the structuring influences of the benefits culture as constituting a barrier in building capacity in individuals to be reflexive in regards to finding work:

When you actually talk to people they are afraid to go back into work, and its not that they don’t want to go back into work, but they are afraid to go back to work because they will lose benefits. It is not necessarily an unwillingness to work, it’s more a fear of going back to work and being worse off because they have learnt the benefits system and the benefits system. It’s about managing that transition from benefit to work so that they don’t see that they are losing money. And they shouldn’t, with the schemes that the governments have brought out, you know, working tax credits, all those sorts of things, in theory they shouldn’t be any worse off by working than they are on benefits. But I don’t think that that message, or that transition, happens very well (WCVA interview ¹).

The particular difficulties in encouraging some of the individuals that in her community in regard to training courses, gaining qualifications and considering moves such as further education was pointed out by this interviewee:

There are so many complex issues it is unbelievable really. Low self esteem; people feel as though they live in isolation and they won’t come out, you know, even to get out to join in an activity, you know it’s a real big step for us as an organisation so we are trying to provide basic little steps at a time. You know it’s no good saying ‘we’ll enable you to go to college’ because they are like ‘ooooohhhhh’…and like university is like another entity to them (community group interview ²).
As Taylor (2003:57) points out, in agreement with writers such as Beck, many of the theorists who have tried to gloss the salience of social capital and capacity building in contributing to economic growth, such as Putnam and others such as Fukuyama (1995), can be rightly criticised 'for underestimating the role of large-scale economic changes in undermining civic engagement in the first place both in the USA and elsewhere. Social capital cannot do the job of cohesion in an economic environment which divides and fragments'. She argues that social capital and capacity do not precede but invariably occur in response to particular social and economic circumstances. She suggests in fact that, 'before people can be empowered politically, they need access to the material basics of survival and to the psychological resources to engage in society' (2003:94). She argues that, in view of the particular circumstances that have been implicit in marginalizing these communities, it is not enough to suggest that there is a lack of social capital in these spaces. In this regard, she proposes that the worst case scenario for concepts such as capacity building, and how they are theorised and articulated in regeneration policies, simply demonstrate 'how the more powerful forces in society force the weaker to bear the burden of uncertainty in a chain of displacement (from central to local government; from employer to employee; from richer to poorer) which constantly shifts the burden of adjustment onto the most marginalised'. In opposition to theories on capacity building that put 'agency' at the hub of the process, she points out that a great many people in this situation can only really defend themselves and make sense of their circumstances through a process of 'psychological withdrawal' (Taylor, 2003:94). Marris (1996:103-4) concurs with this point on the unstable nature of employment in Western capitalist society today when he argues that 'if they have no control over their work, environment, or assurance of its continuity, they will be less vulnerable if they do not invest it with any personal meaning'.
As this community worker argued, there is a high degree of apathy and scepticism in many of these communities regarding the fact that many suspect that the political system, and regeneration schemes such as Objective 1, are actually incapable of changing anything:

This is quite a passive population and I think a lot of things have brought some communities in South Wales to the crossroads they are at still. One of them is our history of relying on the political system to solve our problems...a paternalistic political system of well meaning people it always was. As the mines closed the message from local authorities always was ‘don’t worry boys, we’ll get you industry here’. And it was in the form of some blunt instrument of inward investment, whilst not offering really, or failing to offer, or perceived to people to be a process of acquiring new skills and all the rest of it, sufficiently. So our population has always sat back and waited for the inward investment and new employment to come and for them to do something (community group interview 1).

This community regeneration worker was in agreement with what she saw as unrealistic expectations that were now being placed community groups and organisations in addressing regeneration issues in programmes such as Objective 1 given the structural circumstances that underpin the debate:

There are basic structural inequalities within our communities; they impact upon people’s lives and they are not being addressed. I do think that community regeneration is a good way of tackling an awful lot of social need, because it really gets into where that need is and it really makes these great local solutions but you cannot expect the whole raft of problems to be solved by local people and I don’t think you can do that. I think that you have to address issues of inequality such as structural inequality. So that’s the first way that I think community regeneration doesn’t come up to scratch (community regeneration worker 1).

The argument here is that some of the fundamental dynamics of social exclusion that are structural in origin, must be addressed before effective community development programmes and capacity building initiatives can be considered in any way effective. Echoing the work of Marshall (1950), Taylor (2003) argues that initiatives professing to the facilitation of individual empowerment must be rooted in the basic political, economic and social rights that underpin the normative argument for modern citizenship. In this way, tackling the structural causes of social exclusion must take place a priori to any
programme that seeks to build capacity and empower communities in any realistic sense.

As this community regeneration worker summarised:

I think that there are barriers in terms of we are asking our very weakest and most debilitated communities to take the most active citizenship roles that there are (community regeneration worker').

Solving social problems through ‘tick-boxes’?

For the above reasons, many community organisations point out that the ambiguities surrounding the concept of capacity building are further complicated by the fact that the policy measures in this part of the programme attempt to objectify or quantify the social dynamics which have shaped the characteristics of socially and economically marginalised areas without ever really understanding what they are. As argued in the previous chapter, while it has been argued that the introduction of measures such as Priority 3 now include ‘softer measures’ through which to address issues such as capacity building, many of the interviews from community organisations were sceptical of these claims. This is an argument put forward by Berner and Phillips (2005:18) on the realities of most community development programmes where ‘policy makers’ frames of reference (fixed timeframe, tangible results, output indicators known in advance) are not necessarily compatible with any real influence of beneficiaries on relevant decisions’. Corroborating this perspective, one of the main complaints from interviewees who had been involved in capacity building projects, was that they got the impression that the Commission thought that social problems could be ‘solved through tick-boxes’:

You know, you work in communities like this everybody has different reasons for doing the things they do. You can never have the same problem created by the same situation for two different individuals. How we all react, we all react differently and you can’t deal with this all with tick boxes and that’s where it has got to be flexible (community group interview 5).

This interviewee was in agreement with the above statement on what she saw as the problems in trying to quantify concepts such as capacity building and the inherent
difficulties for community groups who were trying to work with and obtain European money within this measure:

I think that these are measurables that you can't quantify in the Objective 1 monitoring. You know they want these quantifiable targets and things; capacity building...you know, you can't can you? (CVC interview 2).

So, while the bureaucracy involved in structuring bids, monitoring and evaluation, can act as disincentives to community groups, it is also the overall agenda framing the debate that becomes important. The objects of inquiry have often been objectified into a specific agenda, which may or may not address the particular needs of marginalised communities. This agenda is then reinforced through the monitoring and evaluation of programmes, presumably leaving a smaller window of opportunity for innovation from community groups and organisations. While the community development measures in Objective 1 have brought new ways of working to these parts of the programme, and funding implementation strategies have changed to according to the partnership agenda, many of the groups and individuals that are successful in being able to access funding in the community measures of the Objective 1 process must 'think within the system' rather than challenge it. That is, in many respects they have to understand and to be cognisant of what is expected from them according to the point of view of the Commission and also from the regional administrators. This would suggest that much of the ethos on capacity building programmes such as the relevant parts of the Objective 1 programme are more about managing and reproducing the structures and barriers that are in place.

It was felt by some interviewees that there needed to be a much more rounded, holistic perspective on how to build capacity in socially and economically marginalised communities: one that was shaped much more by third sector community organisations and
the local knowledge that they are able to contribute. As this interviewee from a CVC asserts:

I think that this is where the voluntary sector actually gets right down into the grassroots to help to develop confidence and whatever else and to my mind that is capacity building (CVC interview 2).

As he argued, there were other steps to take in regard to building capacity in marginalised communities than those in orthodox regeneration initiatives including:

Showing people on the ground how to make those links with the people on even their own communities so they feel safe and comfortable and having someone that they that they can build a rapport with, build a trust with so they can then eventually perhaps start perhaps some informal training, whether it would be an environmental project or whatever their interest is. Then they can perhaps start to do a little more concrete training and then perhaps look at going to into work etc but there is a huge amount before people can start training or work any sort of concrete step like that (CVC interview 2).

Summarising the difficulties that are inherent in conventional capacity building programmes in within these circumstances, Cleaver (1999) has suggested:

Development practitioners excel in perpetuating the myth that communities are capable of anything, that all is required is sufficient mobilisation and the latent and unlimited capacities of the community will be unleashed in the interests of development...[in fact, however,] there is significant evidence of very real structural and resource constraints operational on communities, most severely impacting on those who may need development the most (1999:604).

Summary

While the dominant paradigm of regional development stresses the importance in building capacity in socially and economically marginalized communities, this chapter has argued that, in order to be able to understand ‘capacity’ as a theoretical and normative concept, it is important to look at the social and economic circumstances into which this idea has become political currency. As has been argued, it is also helpful to look at how a particular conception of agency informs this concept, where it would seem to have become visibly aligned with the individualised paradigm of social policy that characterises contemporary socio-political structures. While EU initiatives such as Objective 1 have
stressed the importance of building capacity in socially and economically marginalised regions in order to tackle issues such as social exclusion, this research, conducted in the west Wales and the Valleys areas that have been involved in the programme, suggests that that many of the complexities of this situation have been overlooked in this programming approach in favour of a much more simplistic output related strategy. As suggested, in many of the interviews, a programme positing agency as the new risk bearer in community development may be unrealistic given many of the structural issues that characterise these spaces. For instance, it was pointed out that regional capacity in industrial modernity was characterised by a much more sociological conception of capacity: one that was informed by the much more 'organic' development of its particular civil society. Building in some semblance of this kind of 'democratic capacity' has not really been a principal aim of the programme according to some of the interviewees in this chapter. Furthermore, as pointed out, when this is combined with the particular social problems that have played a major part in disempowering these spaces, community development programmes such as Objective 1 in many ways become 'social engineering' exercises, serving primarily to reproduce these structures rather than offering particularly innovative solutions to the social problems of market failure. Some interviewees felt, for example, that community development must take place within a system that plays a bigger part in addressing structural inequalities before it could realistically empower many of the individuals and communities that have been targeted in 'capacity' building programmes such as these. Some went as far as to suggest that the EU, and by implication the WAG, were trying to 'solve social problems through tick-boxes' where the ultimate aim of these programmes was about putting the emphasis back onto the individual and away from the structures of inequality that had played a large role in shaping these spaces initially. In this way, some raised concerns that the community development parts of the Objective 1 programme were
simply ‘grafted on’ to an agenda that had already been defined in relation to a particular agenda based upon market regulation initiatives rather than any realistic attempt at reaching down to bottom-up, social dialogue and grassroots informed participation.
Chapter 10: Conclusions

Introduction

The main focus of this thesis has been to explore the argument that the elite decision-making channels and market strategies characterising much of the historical development of the EU, have changed in more recent years in order to accommodate what Henig (2002) has described as the 'context and process' of integration. In particular, it was suggested that the logic of 'economic functionalism', implicit in the argument introduced by Monnet et al, was challenged by the realities of how the process of integration itself unfolded, whereby subsequent enlargements and changes in the global economic architecture have been implicit in initiating a rethink on the way that European integration should be both consolidated and pursued.

The advent of what has been described as multi-level governance has been considered as significant in these respects with commentators such as Hooghe and Marks (2001) suggesting that the latest stage of European integration has signposted the development of a European social model. It was argued that the characteristic aims of this initiative primarily revolve around a more devolved decision-making process in strategic areas of EU policy. The structural funds are one such area where the widening of decision-making channels has been seen as the most effective way through which to ground social justice and economic democracy in an era defined by the reach and influence of global capitalism.
While the European Employment Strategy (EES) and its implementation through Open Methods of Coordination (OMC) is illustrative of these developments, this study has looked in particular at the structural funds and the way in which reforms made to EU regional policy have sought to engage with local knowledge in regeneration initiatives and areas where market failure has been most acute. The granting of Objective 1 status to west Wales and the south Wales valleys has been particularly symbolic of this argument where the ‘partnership and programming’ strategy required by the Commission has played out concurrently with devolution and the WAG’s own aims to facilitate a more open and participative political culture. The main focus of the research has been to consider how local knowledge has been adopted in the community development measures of the Objective 1 programme. Through data gathered during the course of interviews with representatives from the European Commission, the WAG, local government and a range of community organisations, the main part of the thesis compared policy rhetoric with the experiences of community groups that have engaged in the Objective 1 programme in order to assess empirically what, if anything, has changed regarding the politics of economic and social governance in the EU. The qualitative interview approach that was used as the main method of data collection was designed specifically to clarify the intentions behind concepts such as ‘European social model’, ‘cohesion’, ‘social integration’, and ‘civil society’ as they are not always clearly defined and can be open to misinterpretation. This was a point made by Dean (1999) who has suggested that, more often than not, ‘there is a difference between the explicit rationalities of government and government rhetoric…and the more or less explicit logic of the practical application of these practices’ (1999:72). This was the aim of Chapter Six – to explore the content of policy rhetoric in this area in more depth. Subsequent chapters were then used to
explore the experiences of community groups and organisations that had engaged with the European funding process in order to compare these with policy rhetoric and to draw out similarities and differences in perspectives from across the range of the multi-level governance model. While the structural fund reforms are understood to be indicative of the aims of the European social model and less of a top-down approach to economic governance in the EU, a constructivist approach was employed in explore whether the issues and social circumstances were being understood and adopted by policy makers.

Concluding remarks have been broken down into three sections:

- The first section provides a summary of what was discussed in the opening four chapters and a recap on what were the main points that were discussed in each;
- The next section explores the data analysis for each of the four chapters in the second part of the thesis and summarises the main findings for each. This section also discusses the merits of the research methods that were used, and their overall contribution to the thesis;
- The final section concludes with a main summary of the overall research findings, some more thoughts on the theory and methods employed, contributions to the existing literature in the area, finally points the way forward for this area of research in the future.

**Lessons from the literature**

Chapter One looked mainly at the ideas upon which European integration was originally conceived, suggesting that some of the problems that characterise the current era can be
summarily traced to the blueprint designed by Monnet and his colleagues. They were of the view that market integration would to be a sufficient means through which to achieve eventual social and political convergence. It was argued that the limitations of this idea of 'progress' later became exposed by 'contradictions' in the integration process where solutions did not necessarily fit within this framework. Featherstone (1994), for example, argued that contemporary problems of legitimacy and accountability could be traced to the insulated, elitist decision-making procedures that served to focus upon a particular agenda and remained exclusive of democratic debate. Social policy – thought to be peripheral to the centrality of the 'Monnet method' for instance – came more to the fore within a climate where it became obvious that, while some groups and geographical areas had benefited from the 'spillover' effects predicted by Monnet, inequalities amongst many groups and regions had obviously widened.

By the time of the SEA, the fear was that these 'anomalies' could realistically widen and become more of a problem within the global market framework proposed by the mid-1980's re-launch of 'Europe'. 'Cohesion', for instance, became a new policy objective by the time of the Maastricht Treaty in 1991, where the aim was to create the conditions to facilitate more even economic and social development across the EU. The part that would be played by what came to be known as the 'European social model', at this time became instrumental in raising wider questions concerning the nature of governance in the EU. While a coherent, fully fledged European instigated social policy agenda remains peripheral to the goal of market integration, many have argued that more recent developments concerning the aims of the
European social model may be areas of policy with the potential to provide a more social dimension to the future expansion of the EU.

The second chapter developed a discussion on what the characteristic elements of the European social model are, suggesting that it is the advent and promotion of 'social dialogue' and widened political participation that have become the EU's principal weapons in promoting 'social' as opposed to 'negative' or market integration. The chapter framed this argument within a discussion of the history of EU social policy and what have been the main barriers to the development of a substantive, European instigated social agenda. The main conclusion drawn was that member states have in the main been reluctant to cede sovereignty in this area of policy. It was argued that the re-launch of 'Europe' in the mid 1980s instigated a rethink of the role of social policy, where market convergence and sovereignty ceded by national governments over economic policy would consequently need to be supplemented by a degree of social convergence. It was suggested that the Lisbon Agenda is illustrative of European led initiatives to address the more pressing social problems of recent years – notably the high levels of unemployment – where dialogue and practice between member states on domestic social policy has become a more coordinated venture. There is a central role for the European Commission in this process, where it now collaborates more directly with social partners and local coalitions, as well as with heads of government, in order to identify and promote best practice and effective problem solving..

The structural fund reforms have been directly informed by these developments. As a policy area that has grown in profile in recent years, Sutcliffe (2000) suggested that the increasing
prominence of the structural funds could be measured in three ways. Firstly, policy significance could be gauged by the extent to which budgetary allocation had been increased, by its gradual decentralisation away from the exclusive remit of national governments and, finally the political awareness of its enhanced status in facilitating social integration. In recognition of this last point, Tommel (1998) suggests that the benefits of this approach in addressing the complexities of market failure in late capitalist society are that effective engagement of local knowledge in policy areas such as community regeneration have meant that sustainable solutions to the social problems of market failure are more likely to be instigated by those who hold the relevant expertise.

It was argued that there are problems inherent in the ideas that underpin the European social model as a realistic policy initiative through which to address the structuring influences of the market. Gray (2004), for instance, pointed out that coordinating social policy initiatives through open methods might ultimately be 'cosmetic' within conditions dictated primarily by the influence of global markets. She suggests that in many ways these conditions are actually the root causes in perpetuating many of the cohesion problems that the European social model has been put in place to address.

Returning to the starting point of the research, Chapter Three offers an alternative viewpoint from the 'official line' on how the 'European social model' has been constructed in policy and at the policy rhetoric that underpins it. Rumford (2000), for instance, suggested that in defining 'cohesion' and the principal aims of the European social model, within terms dictated by competitiveness, growth and generally market led solutions, the EU had chosen to adopt a
particular take on the prerequisites of social integration. While policy makers have suggested that European integration is now characterised by a more social dimension and a more open system of governance, Rumford argued that it is an agenda that has been designed first and foremost as a device to facilitate the efficiency of the market and to reflect the new orthodoxy of the globalization debate. Thus, he suggests that the European social model is principally concerned with the redistribution of opportunities rather than resources. As Levering (1998) notes, this constitutes a particular epistemological viewpoint on what social justice has come to mean in an era characterised by a neo-liberal policy agenda. Rumford and other writers such as Barry (1993), further suggest that viewing the European social model in this way enables, not only insight into the links that exist between European governance, space and territory, but also helps to illuminate the 'management' of risk and social order in an era of global political restructuring. Rumford, in particular, argued that this restructuring process has involved the increasing 'autonomization' of regions, industrial enterprises and citizens; a scenario that he feared was actually perpetuating disintegration rather than cohesion, whether economic or social. In this way it was argued that EU regional policy merely reflects this orthodoxy rather than providing any realistic social programme as an end in itself.

Importantly, as Batterbury (2002) pointed out, the centrally conceived nature of EU regional policy, based as it is upon the principles of the New Regionalist theory of economic and social development, may misread the particularities and cultural specificities of particular regions or locales, endangering the input to parts of the programme where bottom-up solutions have been sought since the 1988 reforms. She cited two examples in her own research – Sardinia and Galicia – where the 'one size fits all' approach of the Objective 1 programmes were
particularly open to *clientalistic practices* where the traditions of the local political culture were organised in such a way as to be able to 'capture' funds and, in many cases, actively exclude civil society groups and organisations that may have been more connected to the grassroots socio-economic circumstances to which European funding was premised in the first place.

Chapter Four explored some of the UK’s experiences of European funding over the last 15 years. Martin and Pearce (1999) argued that growing involvement in various structural fund programmes in conjunction with regional political change made the UK an interesting area through which to view the issues discussed above. The chapter began by exploring the 'economic miracle' of the Republic of Ireland and the claim that one of the main reasons for the high levels of economic growth that have drawn attention to the region in the last ten years had been a result of judicious use of the European structural funds. Writers such as Osmond (2000) cautioned against this claim however, suggesting that economic success in Ireland was primarily a result of long term economic planning and the strategic development of a local infrastructure that was ultimately compatible with the needs of particular global industries.

The next section of the chapter looked at the operation of the Objective 1 programme on Merseyside in the funding round 1994-1999, exploring the problems of what Geddes (2004:178) described as ‘a contested multi-level polity, characterised by a conflict of direction of policy and access over resources’. Although the programme was an attempt to target aid on one of the poorest and most deprived areas of the UK, he argued that participation from the private sector and the third sector were hampered by the influence of UK Government policy
and also by 'power asymmetries' in the local delivery of the programme strategy. Ultimately, he postulated, this served to mitigate against the design of a true 'bottom-up' strategy, theoretically reducing the effectiveness of the programme in achieving its aims.

Gibbs et al.'s (2001) research into 'local capacity' to deliver the Objective 2 programme on Yorkshire and Humberside echoed the work of Batterbury in arguing that local authority influence served to work against the partnership principle and effective engagement with civil society in this instance. They argued that, more often than not, partnerships were dominated by local authority figures and subsequent funding controlled according to local authority interests rather than in regard to the wider socio-economic circumstances of the area.

The last case study and the subject for the empirical part of the thesis looked at the social, political and economic context for the arrival of the 2000-2006 Objective 1 programme for west Wales and the south Wales Valleys. As the chapter pointed out, Objective 1 is the main EU regional aid fund, and the allocation for the west Wales and the valleys constitutes the largest slice of the Objective 1 budget that has been allocated to the UK. While the areas designated as Objective 1 constitute some of the most socially and economically deprived spaces in Europe, Thompson (1999) argued that the new programme, in conjunction with the advent of the Welsh Assembly Government, had begun to inform a sense of optimism that this situation could at last begin to be reversed. In particular, it was argued that the structural funds within the emerging European social model would now be primed to be able to draw more effectively upon local knowledge in addressing the social issues that characterise the social and economic context of the Objective 1 designated areas.
While the problems that have accompanied the decline of Wales’ industrial manufacturing base had been addressed — with little real impact — by previous rounds of the structural fund programmes in Wales, it has been hoped that current programme innovations such as the increased emphasis on ‘strategy’, ‘partnership working’ and the greater incorporation of local knowledge, would enable more efficient and democratic targeting of funds and a better link between the ‘local’ and the wider economic and social consequences of modernisation. This has certainly been the aim behind the community regeneration measures of the programme and it is this perspective that underpins much of the ethos behind Priority 3 (which is specifically targeted at regenerating marginalised communities) and to lesser extent Priority 4 (education and lifelong learning). Commentators such as Benfield (2003) and Burns (2003) argued however, that in many areas Objective 1 was still not happening for the third sector due to difficulties with engagement on the new partnerships structures in some cases and problems for smaller capacity groups with the bureaucratic requirements of the programme. They warned that these issues needed to be addressed if local knowledge was to play more of a central role in informing economic and social improvement in areas where this had traditionally been problematic.

The chapter concluded by looking at the role of the WAG within the form of devolution that exists at present. The argument developed pointed out that, while it presently occupies an executive as opposed to a legislative status, the WAG has already demonstrated an ability to develop innovative local policies in many areas. It was argued that within the promise of further devolvement of legislative powers, it is possible that the WAG can influence both EU and national policy structures within the context of a more autonomous regional agenda.
An overview of the research findings

Reflecting the themes developed in the first part of the thesis, particularly the idea that social integration and wider social dialogue now have a much higher profile in the EU policy agenda, Chapter Six began the empirical exploration of what and how things are now different in the EU – if they are – and whether any such change could be discerned in terms of being a significant break from the elite, market making project that had characterised earlier periods of the integration project. The chapter drew principally on interviews with officials of the European Commission, an Assembly Minister, and also with civil servants working in the WAG. These interviews were supplemented with views from various individuals working in Welsh local government. The particular aim was to enable interviewees to elaborate on questions such as:

- What is the European social model?
- What does cohesion mean?
- What is the significance of the enhanced, higher profile of civil society in the integration process and how do these new arenas of dialogue contribute to social integration and cohesion as policy aims?

The idea here was try to unpack the essential ambiguity of these concepts through some of the theories on potential structuring influences that were introduced in the first part of the thesis that were not necessarily being acknowledged by policy makers as problematic. It was hoped then that interviews based around some of these themes would then inform a clearer understanding of what the European social model actually means from the people who are involved in the formulation and implementation of policy. As argued above, these interviews were then to be used as the basis for a more structured framework to inform the analysis in the
later interviews, which would explore the experiences of funding beneficiaries and those involved with the local implementation of the funds.

The European social model

In all of the interviews with European Commission representatives it was pointed out that the promotion of social dialogue and increased participation constituted the principal ways through which the European social model is being developed, whether through reforms to the structural funds or in underpinning other initiatives such as OMC. The interviewee from DG Competition argued in this section that this widening of dialogue has been a particular development with outside bodies such as civil society organizations. He asserted that the new aims behind governance at EU level now revolved around widening and deepening participation in problem solving, usually within a particular awareness of the social consequences of integration.

It was argued that there is now a greater role for DG Employment and Social Affairs in promoting a social aspect to the new European governance agenda. This interviewee had stressed that, more than any other department in the Commission, Employment and Social Affairs had been most directly involved with raising an awareness of issues such as social inclusion and social cohesion. By the same token however, the same interviewee had pointed out that there needed to be a lot more involvement than there was at present. While greater inclusion and social dialogue were now being promoted in more areas of EU policy, this interviewee was at pains to point out that there needed to be a lot more substance to these efforts than there was at present if this was not simply to be a case of ‘the emperor’s new
clothes'. It was also stressed that DG Employment and Social Affairs remains a relatively small department, carrying far less political weight than those Commission departments dealing with the market, trade and industry. While it has become more influential in highlighting problem areas in the EU such as social exclusion, she argued it still held a fairly peripheral role in helping to promote social integration _per se._

While debates on 'social Europe', and related concepts such as cohesion and social integration, have come more to the fore in recent years and have been held up as claims that the EU is now more than just a giant market-place, the interviewee from DG Employment and Social Affairs argued that elite political structures still characterize the EU. She pointed out for instance that high level decision-making remained an essentially intergovernmental affair which was relatively insulated from wider debate. She also voiced concerns that the social agenda remained underdeveloped at present and she argued that in her experience there were problems with partnership working in areas such as regional policy with the best-resourced groups seemingly the ones benefiting the most.

As several interviewees pointed out, overarching principles and strategic aims – notably the centrality of employment policy and job creation strategies – took precedence in informing the European social model, echoing the earlier argument by Lovering (1998) concerning the centrality of employment strategies in informing and guiding social policy initiatives at European level. The interviewee from DG Regional Evaluation pointed out that this was one of the areas where there needed to be a 'trade off' between expert and local knowledge. He argued that employment policy was one such area where the policy framework was steered via
EU and national government policy agenda agendas. While unemployment has become perhaps the most pressing social concern for the EU in recent years, and has been acknowledged as a chief determinant of associated problems such as social exclusion, as argued in the first part of the thesis, its solution has been seen as the promotion of opportunities, supply-side measures and the modification of individual behaviour, rather than as an issue of structural reform. This echoed the earlier argument of Lovering who argued that increasing the 'competitiveness' of the workforce was more about managing the effects of joblessness, unemployment and social exclusion, facilitating a particular agency response, and putting the onus back onto the individual rather than looking at the wider structuring influences of the market. Therefore, it could be argued that while the European social model does promote wider participation and increased social dialogue, particular mechanisms of governmental decision-making still remain 'in-house', particular decision makers still hold the reigns in 'high politics', and certain overarching principles structure the terms of the debate before wider involvement occurs.

Cohesion

The above argument was also pertinent when the rhetoric of cohesion was explored. Asked for a definition of 'cohesion' all European Commission interviewees saw no need to make any distinction between economic and social goals, seeing them as two-sides of the same coin. The interviewee from DG Competition suggested in fact that citizens were now principally seen as being 'consumers' in the single market. This data would seem to at least partly substantiate some of the claims developed in the first part of the thesis suggesting that the aims of cohesion policy, and cohesion instruments such as the structural funds, were designed first
and foremost to underpin and to lubricate market convergence. As the interviewee from DG Regional Policy pointed out, the structural funds themselves are primarily concerned with the redistribution of opportunities as opposed to resource distribution.

As Rumford (2002) had earlier pointed out, initiatives such as regional policy provide the funding to enable individuals and regions to facilitate their own development. Addressing problems such as unemployment and social exclusion, for example, meant providing the optimum conditions for an efficient labour market that is able to foster employment opportunities and job creation. As the WCVA interviewee pointed out, regional policy is designed to help areas that are beneficiaries of aid to improve their own economic, social and political infrastructure. As he argued, this overall market agenda can lead to a situation where it is the best-resourced regions that are often able to gain the maximum advantages from this policy set-up. As Lovering suggested, the overall regional agenda was primarily about promoting market competition and, at the local level, the efficiency of flexible labour markets and the facilitation of supply side measures aimed at reducing individual barriers that have served to exclude particular sections of society from employment. It was notable that in Commission interviews in particular, capitalist structures, which had arguably served to inform many of these problems initially, such as the increasingly unregulated activities of global corporations – surely beyond the control of both employees and the unemployed – were unacknowledged. Thus, it could be argued that in much the same way as the early advocates of ‘spillover’ assumed that social cohesion would follow automatically from market integration, some of the same aims echo in the EU’s present initiatives concerning the search for ‘cohesion’.
That the terms social and economic cohesion were often used interchangeably – apparent in much of the interview data with the Commission officials – also adds confusion to what these policies actually stand for. Is the primary aim social or economic justice? If the primary aim is economic justice – and consequently social justice – there is no clear evidence that regional GDP and poverty margins are converging in any significant way between beneficiaries of the structural funds and the more prosperous regions: a fact accepted by the representative from DG Employment and Social Affairs who was interviewed. This has also been acknowledged by the Commission in numerous research projects, including the most recent 5th Cohesion Report (2005). It could be argued then that the same process could well be happening in terms of social cohesion.

Civil society and social integration

It was a general agreement by interviewees in the Commission, and in the interview with the WEFO official, that one of the ways in which European governance is becoming more democratized and has become more influential in addressing the social consequences of integration was through the Commission’s developing relationship with civil society. In particular, it was agreed that the reformed structural funds exemplify this aim. This area of policy is longer implemented through a ‘top-down’ approach, as was previously the case. Regional policy is now an area characterized by the incorporation of a wider a range of interests and participants. Balancing ‘expert knowledge’ and overall policy framework, with more ‘localized’ forms of knowledge is seen as particularly important in communities targeted for regional aid where the inhabitants of these areas themselves are considered to be the ‘experts’.
While the notion of 'subsidiarity' has been the subject of much criticism for its lack of clarity, this is clearly the way in which the Commission perceives the application of this concept in practice. While there must remain the 'appropriate' expertise in particular areas initiated from European level – as employment strategy demonstrates – these must now be conceived with an awareness of what is going on 'on the ground' and what can be contributed at the local level, particularly in areas such as community regeneration.

**Partnerships**

In regard to the above, almost all interviewees in the research agreed that the 'partnership working approach' constituted the key leverage mechanism through which to engage local knowledge more fully into European policy initiatives, such as those designed to address the social consequences of market failure. Consequently the next three chapters considered in more detail the experiences of community groups and organizations in Welsh civil society that had been involved in the programming strategy characteristic of the 2000-2006 Objective 1 programme in south Wales. As argued in the first part of the thesis, as part of these structural fund reforms, measures such as Priority 3 and Priority 4 had been specifically designed to involve local knowledge in addressing social issues in localities where the market had failed.

As argued in the methodology section, the aim here was to bring a *constructivist* approach in exploring local, 'on the ground' issues in communities that had been targeted for regeneration. It was felt that this would be the most appropriate method through which to draw out the social issues that characterize these communities and then to provide some insight as to how they related to policy rhetoric. Thus, the open-ended interview questions were designed to
explore the issues that characterize the funding process for community groups. Here, the qualitative experience of community groups involved in the Objective 1 process could also be compared with what policy makers felt were the main aims of the programme. Thus the idea was to explore a tentative relationship between potential structuring influences of policy with social agency responses. As argued in the methods section, this approach also provided more of a counterargument to the more output driven nature of much of the review, auditing, and project appraisal that characterizes the Objective 1 funding process.

Therefore, Chapter Seven explored the concept of 'partnership working', principally from the perspective of community organizations but also supported with views from individuals working for CVCs and community regeneration workers. If the partnership working mechanism introduced as part of the structural fund reforms indicated the way that the European social model was developing, then what have been the experiences of community organizations engaged with the process? What were the experiences faced by those who are arguably the least well placed to engage with or challenge the structures that stem from the requirements of the Objective 1 funding process? These experiences were explored in two chapters. Chapter Seven looked specifically at the experiences of grassroots community organizations within the new partnership structure in order to explore policy rhetoric concerning ideas such as 'inclusion', 'participation' and 'social dialogue'. Chapter Eight explored the policy design of the programme and recalled the arguments of Benfield (2003) and Boland (2004) in Chapter Four who pointed to the structuring influence of bureaucracy as constituting a principal barrier for many smaller capacity groups. As the methodology chapter pointed out, the third sector was defined for the theoretical purposes of the research as the
community groups and organizations that had engaged with priority 3 and priority 4 of the programme: the community development measures.

Many of the interviewees from community organizations pointed out that the strategy that had been developed for the Objective 1 programme, in conjunction with the WAG's aims to foster more effective engagement with civil society, had resulted in observable change. For instance, there were now more points of contact between the statutory sector and community groups. There was a higher profile and greater political 'clout' for the WCVA as the umbrella representative for the third sector and also a greater role for the CVCs in bridging and acknowledging the needs of community organizations. However, many interviewees remained critical of the new partnership set-up, suggesting that newer barriers had surfaced to join the older, more established structures that had characterized previous programmes. It was felt by some interviewees that this often served to mitigate against effective engagement by as measured by numbers and quality of community led projects in some parts of the programme.

The dominance of the local authority in areas where a traditional control had yet to be broken down was perhaps the main bone of contention for some interviewees. While it was pointed out that some local authority areas had developed a better working relationship with civil society groups, it was argued that many areas were still characterized by local authority control which was often instrumental in informing particular dynamics in the partnerships and often served to 'regulate' decision-making procedures for community groups. While there was a general acknowledgment that partnership working is the way forward in paving the way for effective community regeneration initiatives, some interviewees argued that this could not
be considered to be the case in areas where the agenda was still being driven by the local authority — either as the lead body on projects or through more informal dominance on partnership boards. Some interviewees went so far as to argue that the process of partnership working was often perceived to be 'tokenistic' and a few interviewees from the third sector felt that it was often just a way of lending greater legitimacy to the system rather than offering anything particularly innovative in the way that has been claimed by politicians and policy makers.

What was felt to be the essentially market driven nature of Objective 1, along with its bureaucratic design, were also perceived to be barriers to effective engagement for many community organizations. Some felt that funding provision for community groups was often seen as a direct threat to the existence of the local authority and its traditional role in public service provision. As the interviewee from the PMC observed, many local authorities were reluctant to cede further power in a climate where the market and particular bureaucratic design of funding programmes such as Objective 1 had becoming increasingly dominant in dictating 'best value'. Relatedly, the Objective 1 funding programme was also perceived by a lot of community organizations to have perpetuated a scenario characterized by *competition* rather than *cooperation* and, in many cases, it was the most organized and best-resourced groups — echoing the concern voiced by the Commission representative for Employment and Social Affairs — that were most likely to obtain funding and gain significant influence on the process.
The bureaucratic design of Objective 1

Chapter Eight explored the more bureaucratic aspects of the Objective 1 process for community groups. Was the funding process itself sympathetic to both the requirements and capabilities of community groups in relation to the programme? Some of the main complaints revolved around the number and length of forms that were needed to process an application and also the 'economistic jargon' that was often used in them. Some of the groups that were successful in obtaining funds pointed out that they employed people who had a background in writing funding bids – some had even been civil servants working for local authorities – who knew how to traverse the language in the forms and were often conversant with the criteria that they knew would be used in the project scoring process. Some argued that, very often, the original needs of their organization had to be skewed in order to meet the requirements of what were primarily felt to be a concern with outputs such as the number of individuals going into employment or training etc. It was a general consensus amongst interviewees from community groups that the situation was difficult for smaller organizations to access Objective 1 money without help from individuals or organizations who had expertise in the field or from partners or organizations such as the WCVA.

This situation was also complicated by the very different requirements of revenue and capital funding and also the auditing process that successful projects were required to go through. Many of the groups who had the expertise and the support of their local authorities before and during the funding process were more likely to build the necessary capacity to deal with this process, which often meant strategies had to be forward thinking in order to negotiate the myriad of future funding scenarios for third sector groups and organisations. Smaller
capacity community groups found this all to be fairly arduous and there was a feeling amongst some of these groups that they were not trusted with the money that was supposed to be there for them to use. While it was acknowledged that this was public money and had to be accounted for, there was a general feeling that WEFO, the body that was charged with overseeing the strategic aims of the Objective 1 process, could on occasion be unsympathetic to the needs of community organizations that were engaged in the process.

These experiences were theorized through the an argument suggesting that the NPM way of working often serves to work against effective engagement from the third sector in funding programmes such as Objective 1. It was suggested that commentators such as Rowe (2001) and Taylor and Parkes (2001) that these programmes demonstrate an overemphasis on measurable, predominantly economic outputs which very often leads to a narrow perspective based upon 'performance' rather than the development of an overall policy vision. As Taylor (2003) pointed out, this invariably means that regulation, and subsequent issues such as accountability, tend to 'ratchet up' rather than in the other direction.

Some interviewees argued that partnership working was seen as a positive aspect of the programming strategy in regard to traversing these bureaucratic structures, or at least held the potential for further innovation. However, some individuals were not so sure. Key fund applications were still seen as a problem by some community groups. While most of the 'jargon' had been taken out by the expertise on the consortia panels, some individuals argued that the essentially market driven agenda of the overall programme criteria meant that bidders
interviewee pointed out that he had had to produce what amounted to a business plan in order to access funds. He felt that a business background was necessary for this.

In this way, some interviewees felt that, despite rhetoric to the contrary, the three-thirds partnership approach had been a missed opportunity so far in developing the capacity of smaller, community organizations to access money from Objective 1. This problem was acknowledged as one of the main areas in need of reform in the Mid-Term Evaluation (CEG, 2003) of the programme. Both consortia bids and key funds have been offered up as a solution to the problems in engaging smaller capacity groups into the process and several interviewees pointed out that these had worked well in areas where partnership configurations were willing to pool expertise and capacity under different measures. Community groups could then bid into this money with most of the bureaucratic requirements of the programme having been soaked up by the consortia. However, as pointed out above, much of the success in engaging smaller groups into the process and developing the particular projects that they had come with often came to be dependent upon the structure of the main partnership board and the particular dynamics which framed them.

Capacity building

Linking these issues together, Chapter Nine explored the concept of ‘capacity building’. It was argued that, while this is acknowledged as being one of the key concepts that must be addressed in order to ‘unlock’ the bottom-up social, economic and democratic potential of a region, the term is characterized by ambiguity and uncertainty over its exact meaning and consequently how it is to be facilitated in policy.
Therefore, the main aims of the chapter were to ask what capacity is; what is it being built for; who are the groups and individuals who are being targeted; and what are the dominant political and sociological ideas that underpin its contemporary use. Drawing upon the contemporary ideas of writers such as Giddens (1998, 2000) and Beck (1997, 2000) it was argued here that a useful starting point was to look at their ideas on the philosophical conception of agency in order to better understand concepts such as 'social capital' and 'capacity building' in contemporary social policy initiatives. Interviews with politicians and civil servants pointed out that one of the principal things expected from any programme seeking to build capacity was to empower individuals within their own particular circumstances where, tackling problems such as social exclusion, involved enabling individuals to transcend perceived structures and to enter employment, training or similar measures. Developing Rose's 'governmentality' theory, it was argued that one of the positions through which these ideas could be seen was in the way that they apparently 'shifted the burden of responsibility for capitalist reorganization back onto the most marginalized' (Taylor, 2003:94).

It was argued that this particular conception of capacity building may well misread and underestimate the real world issues that characterize socially and economically marginalized communities. Some interviewees from third sector organizations for instance concurred with Lash's (1994) argument that there were deficits of the infrastructural networks in these areas characteristic of late capitalist development. These, in conjunction with the social problems that now characterize these areas, assumed the presence of structures in the lives of many of these people where a simple agency response was very often unrealistic. The implicit
assumption in these programmes was often that capacity must be missing, when in fact agency responses to social privation may just be present in a different form. It was argued that the depth of some of these social issues could not necessarily be solved through the ‘tick-boxes’ which, as already argued, largely informed the bureaucratic design of the programme. Some interviewees argued that there was a real need to acknowledge the wider structural elements in programmes such as Objective 1, where policy aims such as capacity building needed to include an awareness of the need to democratically empower communities and individuals within a realization that structural issues exist in their lives and are implicit in informing certain behavioural responses. In this way, some interviewees suggested that it was not simply enough to provide opportunity redistribution. This needed to be accompanied by a realization that there needed to be an element of resource distribution through which to make provision for wider, structuring influences such as capital flight, the volatility of labour markets, lack of road infrastructures in many Objective 1 designated areas, and other deficits such as in healthcare and transport services.

Final conclusions and implications for policy and future research

Capitalism is consolidating its grip on modernity; there seems no possibility of throwing off, nor even disturbing its hold, which is progressively more assured, both economically and ideologically (Bewes and Gilbert, 2000:1).

The principal aim of the research was to identify and position the role of the European social model in introducing a new era of European governance. The argument developed suggested that the input of civil society is perceived as holding the potential to play a major role in these developments where the effectiveness of regional policy, for instance, can be enhanced through engaging local knowledge more fully in addressing the social consequences of market
failure. Viewing the European social model through a set of structuring influences that are often unacknowledged by policy makers however, points to quite a different perspective. The higher profile of civil society in regional policy for instance, may not necessarily be the democratic platform claimed by the Commission, an argument corroborated by some of the research data. For instance, in adopting the argument proposed by Van Apeldoorn on the ideas or the 'world view' that is disseminated from the highest policy circles of the EU, the resurgence of civil society as a political concept can, in many ways, be viewed as coterminous with the rise and reification of the region as the primary locus of economic activity in the new global market place. In viewing the aims of the European social model through the structural influences explored in this research, there is a danger that civil society, may be becoming 'geographically circumscribed' to an overall agenda where particular institutional, cultural and organizational capacities are subsumed to a predominantly market driven perspective on regional development.

As already pointed out, it has been difficult for the EU to develop a more substantive social policy agenda at this level, as member states are invariably reluctant to cede sovereignty in the area of welfare and social citizenship. Initiatives have therefore been based primarily upon supplementing national social policy measures. Therefore, and linked into ideas concerning the 'democratic deficit', there is a danger that the incorporation of civil society into policy areas such as the structural funds may simply be adding more 'legitimacy' to a project that has been visibly lacking in citizen support. The partnerships and networks that are formed from regional policy negotiations with the Commission are not expected to challenge the system or the structuring influences that have been signposted in this thesis but are often expected to
adapt rather than to innovate. However, while writers such as Lovering suggest that the particular project of devolution that has been developed so far in Wales could be considered so far as a ‘conduit’, which has often played a role in reproducing the socially regressive policy agenda characteristic of neo-liberalism, there are signs – explored in Chapter Four – that the potential for the WAG to develop more distinctively local policy response to wider structural influences has been encouraging, and is a possibility for the future. Greater legislative powers alongside a more direct relationship with Europe suggest that the WAG may yet play a key role in challenging the more intergovernmental areas of EU policy-making, whilst mobilizing greater regional support in lobbying the institutions of the EU itself over the diversity of regional issues.

It is argued that exploring the bottom-up dynamics of the European social model through the structuring influences considered in this thesis enables a much fuller understanding of the difficulties of programmes such as Objective 1 in providing sustainable solutions to the problems of market failure. As Boland (2004:249) has argued, ‘there has been a dearth of any definitive academic analysis of Objective 1, with the exception of Brooksbank et al (2001)’. While this analysis makes no pretence to being a comprehensive account of these areas, it is argued that this research provides some insight into how policies such as Objective 1 impact on the ‘local’ experience of implementation through an exploration of the kind of structuring influences which need to be considered in the construction of contemporary regional aid programmes. It was argued in Chapter Eight that more formal auditing procedures, based as they are on the NPM, may often give a misleading account of what is being measured based on ‘programme performance’. Therefore one of the aims of this research was to provide more
'constructivist' accounts of how ideas such as 'social capital' and 'capacity building' can be situated within a more 'social agency' perspective.

One of the aims of Objective 1 has been to provide sustainable solutions for a region that has undergone drastic social and economic change. Failure to provide this sustainability casts a shadow over the role of the structural funds in being able to find solutions to contemporary problems of market failure. While it has been agreed that Wales will receive another round of structural fund support, 2004's EU enlargement reintroduced the ongoing disputes between national governments over the budgetary envelope and the future role of the structural funds in European integration. *Sustainability* of community projects and prospects for long term regeneration within the programme were central issues for many of the interviewees from community groups in this research. Many felt that there was far too much emphasis on employment, job creation and output criteria even within the so-called 'softer measures', putting an unrealistic expectation on what projects at this level could achieve in the relatively short timescale of programming periods. It was felt by many that these 'economic outputs' in many cases worked against the social needs of targeted communities. It was also a concern that WAG initiatives such as Communities First had been inconsistent with (as with targeting and match funding issues) the Objective 1 programme where a two-pronged approach would have been more effective within a combined budget and collaborative decision-making structure. Budgetary allocation in Objective 1 is not in itself sufficient to tackle the magnitude of social deprivation in Wales by itself. While it was generally agreed that the partnership approach is the way forward, many felt that the partnership structure as it exists at present is unequal and that the voice of many community groups has often been marginal.
Key funds and consortia bids have been active attempts to deal with the problems of the perceived ‘deficits’ in capacity for many community groups in dealing with the bureaucracy of the funding process. However, as some interviewees suggested, these innovations still need further revision if there is to be more participation and greater input from community groups and organizations. While these have been admirable attempts to take out the particular bureaucratic requirements involved in funding procedures (something that was often felt to serve to enable larger and better resourced groups to succeed in the process) the predominantly output driven nature of what is required has been serving to exclude ‘local knowledge’ in some areas. There is a danger here that ‘social dialogue’ is being lost in translation and subsumed under the emphasis on ‘market’ and ‘performance’ dialogue.

In regard to justifying the research approach that was adopted here, it is perhaps the concept of capacity building that remains the least understood aspect of what is needed to help facilitate effective, bottom-up community regeneration. It was argued that the predominantly agency centred approach which seems to underpin initiatives such as Objective 1 tends to underestimate the depth of the social problems in regeneration targeted areas. The point has been made that Objective 1 is a system based on opportunity redistribution as opposed to material redistribution. The case was argued by many interviewees that a lot of the inhabitants of these communities have been ‘flattened on their backs’ by the large scale social and economic changes that have occurred through the last few decades. There are high levels of drug and alcohol abuse, depression, ill health and a general feeling of apathy and pessimism that ‘things will never change’. As argued earlier, many of these people do not see opportunities in this system, only structures. There needs to be much more in depth-research
— by the EU and by the WAG — into the concepts of ‘social capital’ and ‘capacity building’: ones that comes from a more qualitative perspective as opposed to the more individualist, market derived concept that it is argued principally informs the policy makers view of what capacity building is and what it should do. Greater research along these lines could theoretically be used to encourage a much more informed approach in understanding the personal barriers that prevent many individuals that come from socially and economically deprived communities from seeing opportunities for themselves. A starting point for such research could explore for instance why it is that many of the people who inhabit these areas tend to see or focus upon structures instead of opportunities in their lives. This argument applies to partnership participation also, where it was suggested by some interviewees that individuals need to be more democratically empowered to effect realistic input on partnerships so that such dialogue is not simply ‘tokenistic’. From the EU’s point of view, simply raising GDP levels is surely too simplistic a solution for what has developed into a complex network of social problems. It could be argued that a more realistic community regeneration programme needs to be a lot ‘softer’ in its approach and needs to draw much more heavily on ‘grassroots’ expertise in order to offset top-down ‘misunderstandings’ over concepts and how they are to be addressed in policy.

Recent research by Boland (2005) has suggested, there needs to be a greater acknowledgement of the ‘civic’ as opposed to the ‘political’ interpretation of the way in which Objective 1 has been implemented. He argues that policy makers must be more prepared to listen to criticisms of the programme — much of which, as Boland points out, has often come from the ‘civic’ voice of voluntary and community organizations. Simply interpreting the ‘political narrative’
by way of outputs and targets gathered by official sources may well be misleading in regard to
confusing ‘performance’ with the long-term effectiveness of the programme.

Finally, there needs to be greater emphasis on material redistribution if sustainable solutions
are to be found in Objective 1 targeted areas – where the more recent measures introduced
such as priority 3 have emphasized the importance of community regeneration – and also the
other two structural funds. It was felt by some of the interviewees in this research that deficits
in infrastructure and services need to be addressed alongside a greater recognition that a class-
based hierarchy continues to be characterized by differences in social and material capital:
both significant factors when considering the possibilities for real change to be brought about
through a programme which seems to be based predominantly on the presentation of
opportunities to both individuals and locales. Social and economic regeneration, through
Objective 1 and other programmes like Communities First, needs to be much more flexible in
addressing the social problems of regional development where it would seem at the moment
that an apparent over-emphasis on top-down solutions often serves to maintain something of a
‘straightjacket’ on local knowledge and the more in depth expertise that could be contributed
by third sector community organizations into the complexities of contemporary market failure.
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**General literature**


Appendix 1: Interview breakdown and Data Coding of Interviewees

34 interviews conducted

Interviewees from the European Commission (4 interviews)

1 – National Coordinator for Social Exclusion, DG Employment and Social Affairs
2 – Desk Officer for Wales, DG Regional Policy
3 – DG Regional Policy Evaluation Officer
4 – State Aid department, DG Competition Policy

Interviewees from the National Assembly for Wales (2 interviews)

1 – Assembly Minister
2 – Assembly Member (interview data not used)

Community organisations and regeneration groups interviewed (12 interviews)

1 – Community Action
2 – Community Revival
3 – Community Action
4 – Youth and Community
5 – Drugs and Alcohol Support
6 – Youth and Community
7 – Crime Prevention
8 – Social economy/community regeneration
9 – Drugs and Alcohol Support
10 – Mental Health Support
11 – Community Regeneration
12 – Community Action (interview data not used)

Local Authority and Regeneration Resources Representatives (4 interviews)

Local Authority European Officer
Community Economic Resources representatives (3 interviews, one interview used)
County Voluntary Council Representatives (3 interviews)
1 – CVC focus group
2 – CVC individual interview
3 – CVC individual interview (data not used)

Welsh Development Agency (2 interviews)
1 – WDA individual interview
2 – WDA individual interview

Wales European Funding Office (one interview)
Wales European Funding Office Representative

Objective 1 Monitoring Committee (one interview)
Business Sector representative

Community Regeneration Academics (2 interviews)
1 – Community Regeneration Worker
2 – Community Regeneration Worker

Wales Council for Voluntary Action (2 interviews)
1 – initial interview with WCVA representative then
2 – follow up interview with same individual 15 months later

Politician, ‘Forward Wales Party’ (one interview)
Local Politician (interview data not used).
### Appendix 2: Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAG</td>
<td>Area Advisory Group</td>
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<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
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<tr>
<td>CEMR</td>
<td>Council of Municipalities and Regions</td>
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<tr>
<td>COR</td>
<td>Committee of the Regions</td>
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<tr>
<td>CVC</td>
<td>County Voluntary Council</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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<tr>
<td>ECSC</td>
<td>European Coal and Steel Community</td>
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<tr>
<td>EcoSoc</td>
<td>Economic and Social Committee</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EES</td>
<td>European Employment Strategy</td>
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<tr>
<td>ElWa</td>
<td>Education and Learning Wales</td>
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<tr>
<td>EMU</td>
<td>European Monetary Union</td>
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<tr>
<td>EAGGF</td>
<td>European Agricultural Guidance and Guarantee Fund</td>
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<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
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<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>GOM</td>
<td>Government Office of Merseyside</td>
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<tr>
<td>LGIB</td>
<td>Local Government Institutional Bureau</td>
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<tr>
<td>ITC</td>
<td>Infrastructure Communication Technology</td>
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<tr>
<td>IUCA</td>
<td>International Union of Local Authorities</td>
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<tr>
<td>OMC</td>
<td>Open Method of Coordination</td>
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<tr>
<td>PMC</td>
<td>Programme Monitoring Committee</td>
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<tr>
<td>NEDS</td>
<td>National Economic Development Strategy</td>
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NUTS  Nomenclature of Territorial Units for Statistics
SEA  Single European Act
SPD  Single Programming Document
SME  Small Medium Sized Enterprise
SNA's  Sub-National Authorities
WAG  Welsh Assembly Government
WCVA  Wales Council for Voluntary Action
WDA  Welsh Development Agency
WEFO  Wales European Funding Office
WEPE  Wales European Programme Executive
WTB  Wales Tourist Board
Appendix 3: Samples of interview questions

The following questions are a small selection of examples taken from the semi-structured interviews that were conducted for the research.

**European Commission interview:**

1/ What do you understand the term 'cohesion' to mean in relation to EU policy?

2/ How do you see the role and higher profile of civil society in regard to contributing to European integration’?

3/ Why is it important for the Commission to engage with ‘local knowledge’ in policy initiatives such as the structural funds?

4/ What do you consider to be the main issues in regard to ‘social integration’ as opposed to economic or market convergence?

5/ In what ways do the reformed structural funds illustrate the Commission’s aims to promote a more democratic system of decision-making?

6/ What do you understand the ‘European social model’ to mean?

7/ What are the aims of the European social model? What are policy initiatives that illustrate these aims?
Community group interview:

1/ Tell me a bit about the projects that you have been involved with that were funded by European money within the community regeneration measures?

2/ How did your organisation find the process? What were the good points and what would you say were the bad points?

3/ What are the social issues that characterise your immediate area? Does your organisation play in addressing these?

4/ Do you think that the social issues that characterise your community are being listened to at policy level?

5/ Why is it important to engage the third sector, particularly community groups, in the Objective 1 policy process?

6/ What do you understand by the term 'capacity building'? Are the relevant measures of the programme facilitative of this process?

7/ What lessons do you think were brought into this programme from previous structural fund programmes in Wales? Have these lessons been learned?