UNIVERSITA' DEGLI STUDI DI MILANO

GRADUATE SCHOOL IN SOCIAL AND POLITICAL STUDIES

Department of Social and Political Sciences (SPS)

Doctoral program in Political Studies (XXIX Cohort)

Specialization in Public Policy

Cohesion policy: the ideational dimension Explaining the change in cohesion policy instruments across the 1988, 1993 and 2013 reform processes

Doctoral Research Dissertation by

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Introduction

The European Union, as a polity-in-the-making, is a political entity that exists as long as it produces tangible consequences. To do so, it needs to sensibly affect the life of those who are supposed to believe in its existence: first and foremost, the EU citizens. In this sense, Robert Schumann argued that Europe was going to be made through concrete achievements, creating at first "*une solidarité de fait*." As miracles are supposed to align our belief system with our perception of reality, solidarity is what, substantially, brings Europe into existence.

The general understanding of solidarity in national contexts has been, at large, that of "people prosperity": in the form of "interpersonal solidarity," this conception has translated into policies that have individuals as their main recipients, regardless of where they live. Winnick (1966: 281, cited in Bolton 1992: 189) describes a different type of solidarity which emerges in political systems, typically federations, where legislators represent geographical areas *de facto* and not only *de jure*. In catering to the needs of their constituencies, federal legislators create a distinctive type of solidarity, which follows the ideal of improving the life-chances of groups that are defined by their inherent spatial proximity. This second type is called "place prosperity." The ensuing politics is the one variously defined as territorial solidarity (Béland and Lecours 2005, Mueller and Keil 2013) or federal solidarity (Bauböck 2017: 98). This second type of solidarity emerged in the EU throughout a lengthy process that started with the Treaty of Rome and that culminated with the creation of cohesion policy in 1988. Cohesion policy is, at its core, a place-based policy that absorbs one-third of the EU budget. Its relevance in the European context is explained as a function of the territorial inequality that affects the EU to a great extent. According to a recent report issued by the EU Directorate-General for Regional and Urban Policy, "in the new millennium (...) inequality among NUTS-2 regions has turned sharply up again having fallen in the 1990s from a high level in 1980" (EC 2017: 4). The downward trend that the DG Regio refers to was prompted, in the late eighties, by two events: the creation of the Single Market and the agreement on the Delors I budgetary package: the latter allowed to better share among the European partners the dividend of the economic growth created by the Single Market (Everdeen *et al.* 2002). The policy that operated through the reinvigorated EU budget was cohesion policy. Lately, however, the trend towards convergence has reverted due to a combination of trade liberalization and technological change, that resulted in a stark economic contrast between the core and the peripheral areas of the European Union (EC 2017: 4). The necessity for cohesion policy, therefore, is still present today.

What about the capacity of cohesion policy to embody the ideal of EU solidarity? As the June 2017 Eurobarometer reveals, the widespread view among EU citizens is favorable to cohesion policy: three out of four respondents consider the impact of cohesion policy in their region or city to be positive. And, while 53% of respondents approve the fact that this policy invests in all of Europe's regions and not just in the most disadvantaged, there is as well a widespread acceptance for the redistributive component of cohesion policy: more than the 70% of respondents attribute the utmost priority to aiding the regions with high unemployment. Since cohesion policy absorbs a large portion of the EU budget, its redistributive component implies the capacity to move a significant amount of financial resources from one part of Europe to the other (Hooghe 1998). Where European funds are employed, infrastructures are created along with social schemes, environmental policies and so on. As over a third of the Eurobarometer respondents declare that they have heard about EU co-financed projects in their area, it is safe to say that cohesion policy is a tangible expression of the presence of the EU in the life of the ordinary citizens and that its effort to create a more equitable distribution of resources among the European territories is widely appreciated.

There is, however, another side to the story. Scholarly literature in recent years has increasingly criticized cohesion policy for its lack of coherence, by describing it as an "overambitious policy" and as "ambiguous." As the argument goes, successive reforms have added new policy goals and policy instruments that were out of place in the policy architecture, creating confusion about the objectives of the policy (Eiselt 2008, Begg 2010). There is also evidence of contradictions that run at a deeper level, both in terms of conflicting economic principles that rule cohesion policy (Behrens and Smyrl 1999) and in terms of contradictory intervention theories — how cohesion policy is supposed to achieve its goals (Budd 2007). These concerns are not confined to the intellectual sphere: as a matter of fact, during the last cohesion policy reform, this notion entered the decision-making arena with the Barca Report, officially requested by the European Commissioner for Regional Policy Danuta Hübner. The Report advocated for "a greater coherence with the place-based or territorial policy concept," which was considered necessary both for having a more effective intervention as well as for attracting "political and public attention" to the policy itself (Barca 2009: VIII). While the 2013 reform took to heart some of the advice that came from the intellectual sphere and the European *intelligentsia*, the call for greater coherence was left, by large, unanswered. As argued by Mendez, the Commission's proposal for the 2013 reform fell short of "a coherent place-based approach," due to "deep-rooted ideational, interest-driven and organizational tensions related to the territorial dimension of cohesion" (2014: 654). The current scholarship recognizes that the reasons for this confusions are manifold, and certainly not ascribable to a single cause. There is, however, a specific issue that has become particularly relevant during the European sovereign debt crisis and that centers around the redistribution that cohesion policy operates. Since the EU budget substantially functions on the basis of Member States' contributions, any redistribution operated by cohesion policy necessarily implies a division between net-contributors and net recipients Member States. In the past, this kind of fiscal transfers facilitated the economic integration of the Community, by allowing a benevolent compensation to the prospective losers of the process; for instance, this was the case of the Cohesion Fund, which was created to assist Spain, Portugal, Greece, and Ireland in carrying out the structural adjustments needed to meet the Maastricht convergence criteria. A direct link between cohesion policy and Economic and Monetary Union (EMU) has been prescribed since the early seventies: the rationale was that of correcting the territorial imbalances of the EU to approximate an optimum currency area better. In this regard, cohesion policy was considered a necessary step in creating the monetary union. After Maastricht, and increasingly over time, the causal link between cohesion policy and the stability of EMU started to become mutual. On the one hand, following the optimum currency area theory, EMU needed a certain amount of convergence between the Member States' economies in order to have sufficient stability. For this purpose, the wealthier Member States were willing to assist, via cohesion policy funding, the less-developed Member States. On the other hand, since the funds were not enough to create stability, the less developed Member States needed to engage in structural reforms to adjust their domestic economies. The problem with this entente was that both structural reforms and net-contributions to the EU budget were coming with high political costs. This is why, starting from Maastricht, the word "conditionality" became more and more present in the European debate — a trend that the recent sovereign debt crisis has strengthened. Along with increased conditionality came a more stringent control from both the Commission and the EU Council on the expenditures made by the regions. Conditionality also bent the place-based philosophy that underpinned cohesion policy to objectives that were not place-based; this contributed to the increasing "confusion" of the policy from an ideational perspective.

While having a policy that has multiple objectives can be deemed as efficient, some risks are implied in this trade if the multiple objectives are contradictory. In the Italian *commedia dell'arte*, the character of Truffaldino is caught up in the confusion of being a "servant to two masters" to the point where he begins to stutter. Analogously, recent scholarship has pointed out what is implied in the cohesion policy's ideational confusion. According to Begg, "to instrumentalize cohesion as a means of attaining other EU economic governance objectives (...) may well make political sense" but can imply a "dilution of core purpose" (2010: 92). According to Behrens and Smyrl, the poor internal and external consistency of regional policy results in a "puzzling and poorly understood case of 'implementation failure'" (1999: 432). The latest ramification of this walking contradiction has been the creation of the macroeconomic conditionality in the post-2013 reform. The specific conundrum that this provision implies has been investigated by Jouen (2015), who has described the macroeconomic conditionality as a "triple penalty" for the regions. As the argument goes, thanks to the "suspension clause" regions can be shot by both sides. On the one side, if the indebted Member States maintain austerity policies, their regional investments will be most likely reduced. On the other side, if the indebted Member States are not compliant with the Stability and Growth Pact, they risk having their share of structural Funds suspended. Although there is no empirical evidence about how this provision has affected regions during the current multiannual financial framework, criticism has been voiced by European institutions and official advisory bodies (EP 2012, ECA 2012: 6, COR 2012, EESC 2012: 34), while scholarship in the field has described it as a "thorny issue" (Piattoni and Schönlau 2015: 117, see also Bubbico *et al.* 2016), along with top political actors (Hubner 2016).

Notwithstanding the existence of a large number of studies that have tried to explain and weight the consequences of this phenomenon, there are still many questions that this literature needs to answer. This research intends to contribute to the ongoing debate by investigating cohesion policy from the perspective of EU solidarity. Rather than investigating the policy outcomes, the analysis will be restrained to the policy outputs of the decision-making process: we are interested in bridging policymakers' preferences with the substantive output of their decisions. Is cohesion policy fit in representing a valid source of EU solidarity, and under which dimensions? How has this changed throughout cohesion policy's successive reforms, from 1988 to 2013? Which are the ideas that were carried by the policymakers in three key reforms? Is there congruence between those ideas and the reforms' substantive outputs? How new ideas have entered the debate and how old ideas have been adjusted or dismissed? These are some of the questions that this dissertation will try to answer. There are, arguably, many correct angles to study the evolution of cohesion policy in relation to the concept of territorial solidarity; in this research, as it should be clear by now, an ideational perspective will be favored. In the last two decades, ever-growing literature has attempted at explaining institutional development — either the creation of new institutions, their stability or change — by recurring to ideas, variously conceived. Discursive institutionalism, in particular, has put the emphasis on the interactive process through which different ideas are conveyed (Schmidt 2008:3) and how new ideas, when introduced as a new "layer" in an existing "meaning context," can either be compatible or be conflicting with the existing ideas (Kjær and Pedersen 2001). Given the fact that we want to investigate what caused cohesion policy to develop in a certain direction, this perspective will be useful in observing how new ideas are introduced in the existing policy context and how old ideas are changed, dismissed or ignored to make space to the new. This notion is akin to the Weberian concept of "rationalization," which aims at understanding how "images of the world" are introduced in the sphere of ideas and made sense of through existing theories, shared values, norms or instrumental reasoning. The end-goal of such analysis, according to Weber is to produce a "scientific criticism of ideals and value-judgments." This exercise allows the social scientist to answer the question "what will the attainment of a desired end 'costs' in terms of the predictable loss of other values," thus allowing the decision-maker to be conscious that "all action and naturally, according to the circumstances, inaction imply in their consequences the espousal of certain values —and herewith— the rejection of certain others." At the same time, the social scientist can "offer (...) insight into the significance of the desired object" by thinking "in terms of the context and the meaning of the [desired] ends." The unifying method, according to Weber, is by "developing in a logically consistent manner the 'ideas' which actually do or which can underlie the concrete end" (Weber 2017: 52-53).

The research will follow the general lines traced by Weber in two ways. The first one, as already mentioned, is by measuring the significance of cohesion policy in relation to the concept of EU inter-territorial solidarity. In order to achieve this, we will develop a fuzzy set analysis that will measure the objective institutional development of cohesion policy compared with the ideal-type of inter-territorial solidarity. The evolution of cohesion policy will be analyzed by taking into account three distinct dimensions that are part of this ideal, by addressing the question "who gets what, and why?" (Van Oorschot 2000: 34). First, we will define "who" can accede EU solidarity in terms of eligibility. Second, "what" the eligible does get in terms of redistribution of financial resources. Third, "why," or under which conditions, solidarity is possible? These three dimensions will be useful in both providing a truth-value/set-theoretical measure of the significance of cohesion policy in relation to the ideal of inter-territorial solidarity and in measuring how cohesion policy has been consistent with this ideal across various reforms. To have a picture of the general trend, then, five successive reforms (1988, 1993, 1999, 2006, 2013) will be analyzed. The fuzzy-sets analysis will be based on an original dataset that incorporates quantitative data on the structural funding on a NUTS 2 level, along with original indicators on political conditionality based on the analysis of the legislative texts attached to each cohesion policy reform during the 1988-2013 period.

The second way in which the research will adhere to Max Weber's methodology is by investigating how new theories, values, norms, and interests are introduced into the EU ideational sphere, through a rationalization process. A frame analysis will be performed on the speeches made by the European Commission's key actors during three reforms (1988, 1993 and 2013). A total of 93 speeches will be analyzed by employing two distinct coding schemes; the first one will allow distinguishing the arguments that identify a policy problem (diagnostic frame) from those identifying a policy solution (prognostic framework). The second coding scheme will instead serve the purpose of reconstructing the substantive content of the arguments put forth by the key actors and classify them according to four distinct discourses. The analysis, for each reform, will aim at reconstructing the relevance of each of the four discourses in the policy debate preceding the reform process. In this way we will be able, first, to highlight whether if there is a gap between the motives expressed by the policy-maker and their policies; or, in other words, whether if the ideas of the key actors within the Commission are successfully incorporated in the final output of the reform. Second, we will be able to determine whether if there are contradictions between the values that underpin the policy reform and how these contradictions can explain the "ideational confusion" of cohesion policy.

The dissertation is divided into six chapters. The first chapter will provide a detailed account of how cohesion policy has emerged and evolved in the long run. Starting from the debate immediately antecedent to the Treaty of Rome (1957) dealing with territorial disparities within the Common Market, we will look into the historical development of cohesion policy: the creation of regional policy in the sixties, the debate on EMU and on "structural and cohesion policy" in the early seventies, the creation of cohesion policy in the late eighties and the debate surrounding the Maastricht treaty. We will then discuss the "strategic turn" of cohesion policy at the onset of the new millennium, and how the sovereign debt crisis, along with new stimuli from the intellectual sphere, influenced the 2013 reform. Other than providing a useful empirical background for the analysis, the first chapter will mainly serve the purpose of studying the long-period trends that have shaped cohesion policy. The specific focus will be on ideational factors, such as theories and values, and on the relationship between cohesion policy and other EU-related events, such as the successive enlargements of the Community and the developments in the EU economic sphere. In doing this, the relevant facts to be considered will be selected based on the literature on cohesion policy and on the available grey literature. The second chapter will be devoted to the literature review. We will identify the mainstream approaches to studying cohesion policy: multi-level governance, liberal intergovernmentalism and development studies. We will then look at how cohesion policy has been studied, from an ideational perspective, in relation to specific topics that are of interest for the thesis: on the one hand, the relation between cohesion policy and EMU, on the other hand, the relation between cohesion policy and EU solidarity. In the third chapter, we will outline the research questions and develop a research design to investigate them. In the same chapter, we will introduce an analytical framework that will assist us in the investigation of the independent variable. In chapter four, we will empirically investigate the institutional development of cohesion policy during the period 1988-2013. We will first look at how the concept of inter-territorial solidarity has been characterized in the literature and what are its constitutive dimensions (eligibility, redistribution, and conditionality). We will then discuss how the ideal type of inter-territorial solidarity can be operationalized and we will provide an empirical measure for each one of its constitutive dimensions. Starting from these raw data, we will create a fuzzy-sets indicator that will be used to investigate the development of cohesion policy in relation to the ideal-type of inter-territorial solidarity. Chapters five, six and seven are devoted to studying the development of the ideas that emerged during the decision-making process. For each case-study (the reforms occurring in 1988, 1993, and 2013), we will look at the reform process firstly from a formal perspective: when the reform started, the institutions and advisory bodies involved, the formal opinions and how the Commission proposal has changed during the process. We will then analyze the ideas that are presented by key-actors in the Commission when presenting the reform to their public. Following the ideational literature on cohesion policy, during this frame analysis, we will look at four discourses based on solidarity, stability, the place-based, and the sectoral approach. Finally, we will see how the balance between these four discourses changes from reform to reform and whether if these changes in the ideational sphere are congruent with the trends in the institutional development of cohesion policy that we observed in chapter four.

Chapter I - Cohesion Policy: the ideational dimension

In this chapter, we will look at the history of cohesion policy from the Treaty of Rome to its latest reform in 2013. In recent years, many scholars wrote similar accounts. Most notably, Manzella and Mendez (2009) and Brunazzo (2016) have focused on the "turning points" of cohesion policy, highlighting the budgetary politics in the Council as one of the crucial variables in explaining the institutional outputs (see also Bachtler *et al.* 2016). Faludi (2007, 2010) wrote a conceptual history of cohesion policy in relation to territorial cohesion. Leonardi (2005) focuses on the historical evolution of the governance structures, emphasizing the "Europeanization" of the policy after the 1988 reform. Although the institutional events considered are the same, this chapter will have a different take on them. As in Faludi, the emphasis will be on the ideational factors behind cohesion policy. Differently from Faludi, we will focus on a set of ideas more related to political economy and political theory than to economic geography and territorial planning. In doing this, the exposition will be more similar to the investigations on the inner logic underpinning cohesion policy made by Behrens and Smyrl (1999) and Mendez (2014). The main aim of the chapter is to identify which ideas shape the debate about cohesion policy, and how this debate has evolved. The way in which the chapter is structured will also allow to state whether if specific ideas are just sporadic or if the discussion develops coherently over time (Carstensen 2011).

1. The issue of inter-territorial diversity in the European Union

In 1977, in the heat of the discussion on the American "new federalism," S. H. Beer addressed the rationale for the existence of the States as smaller units of the American federation. The possibility that the constituent unit of the federation could match patterns of cultural differentiation was immediately ruled out: "look at the map (…) it must make you wonder whether there could have been a United States, if the rectangle had not been invented" (1978: 16). An analogous *reductio ad absurdum* cannot be applied when looking at the map of Europe: one could wonder instead whether if the territories that are part of it could be more heterogeneous than they are. Therefore, the same question having for an object European Union is not a rhetoric one.

Two aspects need to be taken into account when discussing how territorial diversity affects the European Union (EU). The first aspect concerns the existential problem that such diversity entails. Given the vast cultural, economic, and social differences across its territories, could a unified Europe comes into existence? In this sense, the European territorial diversity is a problem in his own right.

At the same time, this question cannot receive a definitive answer. The European integration is, in fact, an open-ended process which can function only when it is kept in motion (Van Middelaar 2013). The search for territorial coherence is interwoven in the fabric of this process: it is a component of the European dynamism rather than its ultimate goal. The problem is also a vague one: to the heterogeneity that characterizes Europe, a final answer cannot be found: what constitutes Europe's internal diversity, in fact, is one of the many fields where political actors engage in the search for shared meaning. As we will see in the next paragraphs, this subject has been debated since the beginning of the European project in the 1950s.

The second aspect that needs to be taken into account is the fact that the European integration contributes to the creation of territorial diversity. Policies such as the Single Market or Economic and Monetary Union (EMU) have a profound impact on the geographical distribution of wealth in the European Union. Moreover, the institutional setting that such policies have created undermines the very capacity of the nation-state to intervene in managing the territorial diversity. The need for cohesion policy is double, then. On the one hand, it compensates the Member States that would have immediate disadvantages from the process of integration. While the assumption for further integration is that everyone will have something to gain from it, some of the Member States have to adapt their institutional structures to avoid adverse effects. Cohesion policy, then, can be intended as a benevolent compensation for these member states (Sutcliffe 1995). In this sense, EU macroeconomic policy is necessary to cohesion policy, insofar as it is a condition that makes cohesion policy possible.

On the other hand, cohesion policy can be used to foster macroeconomic or fiscal stability within EMU. The disbursement of the Structural Funds is made conditional to the willingness to conform to a set of rules that are deemed to be necessary for the correct functioning of EMU and its stability, such as the Stability and Growth Pact (SGP). Thus, the relationship is inverted: cohesion policy is sufficient, to a certain extent, to EMU, insofar as it allows to create "sound" macroeconomic conditions.

In looking at the history of cohesion policy, we will distinguish between allocative and distributive motives. This distinction is loosely based on the typology created by Eiselt (2008; see also Begg 2010). As an allocative policy, on the one hand, cohesion policy is an instrument to develop economic and social cohesion within the EU. The goals that define the allocation of the funds are elaborated in an analytically self-contained ideational space. From this perspective, the search for cohesion is a policy issue with its own dignity. Policy actors involved in this ideational space try to define the nature of this problem and they try to elaborate policies to solve it. On the other hand, cohesion policy can also be conceived as a distributive policy. Distributive demands are presented in relation to other policies pursued by the EU. Real or prospective losers from the process of integration ask for compensation, while the winners decide under which conditions this compensation is allowed.

2. The Launch Era, 1954-1968

2.1 The embryonic regional policy in the Treaty of Rome

During the early fifties, the creation of the European Economic Community (EEC) was accompanied by a debate on the possible ways in which the creation of a common market could affect the existing "economically underdeveloped" areas in the six founding states. The main source of concerns was Southern Italy, where the industrial development was lagging due both to inadequate institutional arrangements and to the lack of capitals. There was widespread optimism about the fact that trade liberalization would have allowed further economic growth (Klassen and Vanhove 1987, Manzella and Mendez 2009). At the same time, however, empirical evidence showed how new industrial investments tended to cluster in areas where industrial development was already present (ILO 1956: 14). In such conditions, there was no reason to expect a spontaneous flow of capitals to the underdeveloped areas. Thus, the creation of a common market would have made "extremely difficult" for such territories to "develop any manufacturing industry of [their] own" (ILO 1956: 14). In turn, labor surplus could have prompted massive migration to more prosperous countries within the customs union. Such migration, far from being a real solution to the "problem of the South," would have affected continental countries with "uncertain effects" and eventual "social problems" (ILO 1956: 101). This state of affairs was considered unfair. In fact, to some extent, this condition was recognized as the result of a "historical accident": countries that developed first became more and more efficient, and this resulted in an objective difficulty for other countries to "get a footing" in the industrial development. At the same time, lower social standards in these countries prompted an "unfair competition" with countries with higher social standards.

The permanent secretariat of the International Labour Organization (ILO), the International Labour Office, appointed a group of experts to study the "social aspects of problems of European economic co-operation." Members of the Expert Group were Maurice Byé, Professor of International Economic Relations and Member of the French Economic Council, T. U. Matthew, Professor in the principles of engineering production at Birmingham University, Helmut

Meinhold, Member of Scientific Council at the Ministry of Economics of Federal Germany and Professor of Economic and Social Science, Bertil Ohlin, Professor at Stockholm Commercial College, Pasquale Saraceno, Central Director of *Istituto per la Ricostruzione Industriale* and Secretary-General of *Associazione per lo Sviluppo del Mezzogiorno* (SVIMEZ), and finally Petrus J. Verdoorn, Professor of Market Analysis and Trade Statistics at Rotterdam School of Economics and Deputy Director of Netherlands Central Planning Bureau. For what concerned the issue of inter-territorial heterogeneity in the future Community, the Group of Experts suggested to the six European states two alternative solutions. The first one was to create a protectionist policy: Southern European regions, i.e., the Italian Mezzogiorno, could have been exempted from some of the obligations of trade liberalization, either by resorting to import duties or export subsidies. This argument, in line with the "infant industry" theory (Mill 1884, Bastable 1903), would have allowed endogenous industrial development to take place. On the other hand, the Report proposed public investments in infrastructures "such as roads, power, educational and training facilities" to make the underdeveloped areas more attractive to private investors. This policy would rely on international co-operation "in the form of loans and investments" and "internationally financed training programmes" (ILO 1956: 21).

Many of the considerations put forward by the Expert Group made their way into the Treaty that established the EEC, signed in Rome in 1957. The Six founding states, in the preamble, stated their shared goal of ensuring harmonious development by "reducing the differences existing between the various regions," "mitigating the backwardness of the less favored." The Treaty also included two different financial instruments to reduce economic divergence across the European territories: the European Investment Bank (EIB) and the European Social Fund (ESF). Of the two, the EIB was the only instrument with a clear regional dimension, insofar one of its tasks was to finance "projects for developing less developed regions" (Treaty of Rome, Article 130). The ESF later became one of the financial instruments of cohesion policy; at this stage, its operations were limited at improving "employment opportunities for workers in the common market," without spelling out a clearly defined regional dimension. The two instruments had different systems of governance. The EIB was an intergovernmental body directly controlled by the Member States. The Commission instead managed the ESF. The instrument choice reveals something about the preferences of the Six at this stage of the European Project: regional policy was something that the Member States were not keen to delegate to a supranational body. Even if many of the problems the ESF was dealing with had a territorial dimension, it was not openly stated.

The exclusion of EEC regional policy from the Treaty of Rome had many causes. The first one is institutional. The "vertical" dimension of the Treaty of Rome involved only states and EEC institutions. By excluding the regions from the Treaty, the possibility for the Commission to manage regional development projects was simply ruled out (Leonardi 2005). Manzella and Mendez (2009: 5) also identify two distal causes. The prevailing doctrine on economic integration supported international efforts in managing regional problems. However, the preferred policy was to coordinate national regional policies rather than pooling financial resources in the hands of a supranational authority. In this regard, Maurice Byé, one of the most important scholars of regional integration (Balassa 2013), supported the creation of Community regional policy. As a matter of fact, during his participation in the ILO Expert Group, he advocated for a "balanced growth" of Europe (ILO 1956: 137-139). When addressing the risks of integration, he feared an "hyper-concentration" of savings towards a European "*centre de gravité*." In solving this problem, Byé accorded the primacy to the nation-state: "the first duty of a nation is certainly to help itself." He also recognized that the issue had a genuine communitarian because "it is the most threatened countries" the "less productive" that have "to work the most to solve this issue." This state of affairs was unfair: as such, it justified an intervention to find a better balance. The solution, however, had to rely on international cooperation: "in the current state of Europe, we cannot imagine *un plan d'aménagement européen*," "given the constraints at play (…) only incentives can be offered" (Byé 1958: 205-209).

Finally, there is a political cause: regional policy was not a well-affirmed policy field across Europe. Back then, the only two significant regional policies were the Italian SVIMEZ (1950) and the French *Fond de modernisation et d'équipement* (1946-1952), later *Fonds national d'amenagement du territoire* or FNAT (Manzella and Mendez 2009). The ILO Report took explicitly into account the Italian regional policy. Pasquale Saraceno, in fact, brought to the ILO Group the expertise that he developed as the chair of the SVIMEZ. The experience of the FNAT instead will become relevant for the development of cohesion policy only later on (Faludi 2010).

At the time, however, territorial development was a relatively new concept for the European policy-makers, whose approach was sectoral rather than place-based (Leonardi 2005).

2.2 Regional Policy in transition

The empty chair crisis

At the end of the sixties, the European Commission announced that "regional policy forms an integral part of the system of internal balances on what the State is based" and as such "it is clearly the concern of the public authorities in the member states." The sentence is promptly contradicted: "but the characteristics of the Community's structural geography and the changes in the technical, economic and social order (…) are to be taken into account in implementing the regional policies of the individual countries" (COM 1969: 13). In other words, while the Commission was acknowledging that regional policy was strictly a states' matter, it was also suggesting the emergence of a recognizable communitarian dimension. This ambiguous take on regional policy can be better understood when considering the work of the European institutions in the broader political context of the period. From this perspective, the decade can be roughly divided into two (Faludi 2010). Growing activism on behalf of the Commission and the European Parliament characterized the first half of the sixties. In stark contrast, the successive five years saw small to none initiative. In between the two periods, the "empty chair crisis" took place.

Before discussing the ideational development of regional policy during this period, it is better to briefly recall what this central event was about. Deemed as the first constitutional crisis in Europe (Van Middelaar 2013), the "empty chair crisis" started at the end of March 1965, when the Commission submitted to the Council a package of proposals with three issues linked together. The first item was the financing of the Common Agriculture Policy — at the time the largest item on the EEC expenditures — by a dedicated European Agriculture Fund. The finances would flow from the newly created Community budget — the second item — with the last decision on the budget determined by a dialogue between the European Assembly and the Six — the last item (see COM 1965a: 4-5). According to Van Middelaar (2013: 57), the proposal was an intended "political leap," orchestrated by the First President of the Commission Walter Hallstein and by his vice-president and the Commissioner for Agriculture, Sicco L. Mansholt. The background of this decision was the passage to majority voting for most of the decisions to be taken by the Council, a change in the decision-making procedure which was expected to take place in 1966. The procedure detailed in the Commission's proposal already contained a majority voting provision: a majority of five members out of six could approve any budget decision without consulting the European Assembly. With the unspoken aim of blocking the passage to majority voting in the Council (Van Middelaar 2013: 59), on the 30th of July 1965, France deserted the Council. The main political consequence of the crisis was the creation of "Luxembourg compromise" a year later. France returned to its seat in the Council without having obtained a constitutional revision of the Treaty of Rome to prevent the passage to majority decision-making. The other five members, however, agreed with France "that in the case of decisions which may be taken by majority vote on a proposal of the Commission, very important interests of one or more partners are at stake, the Members of the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council" (EC 1966: 5). This compromise started what Keeler (2005) has called the "Doldrums Era." The praxis to achieve unanimity in the Council before taking any decision made the European Integration less dynamic.

The Hallstein Commission

Although the 1965 crisis did not concern regional policy directly, it affected its further developments to a great extent (Faludi 2010). This is manifest when considering the ideational development of Community regional policy during the decade. In 1961, the Conference on Regional Economies started an open debate on regional policy. The premises were that what the Treaty of Rome had achieved was not sufficient in dealing with the economic heterogeneity of the Community; at the same time, the Treaty did not provide any clear indication on how to proceed further. The Commission, then, took the initiative in concert with the European Parliamentary Assembly. In opening the 1961 conference, President W. Hallstein explained why he considered regional policy of paramount importance: economic and social policy have, as their primary subject, the individual ("*l'homme*"). Analogously, the individual "in the context of his environment" is the subject of regional policy. The environment, in turn, is defined by the "historical conditions" and by the geographical space, both of them also the "most basic determinants of [the] existence" of the individual. Regional policy aimed at intervening on the contextual "constraints" limiting the individual, to improve her conditions (COM 1961: 14). Hallstein did not focus explicitly on the supranational dimension of regional policy. A clear answer to this question was given by Robert Marjolin, vice-president of the Commission and the first proponent of the conference. According to him, territorial differences existed before the Common Market (COM 1961: 22), and they were already addressed by the Member States individually (COM 1961: 24). Territorial conditions, however, changed as a result of the Common Market: as borders were gradually disappearing, a new economic region was emerging. Some of the territories that before the Common Market were peripheral, like Alsace-Lorraine and Eifel-Hunsrück, became core territories, given their central position in the Common Market. Other territories, such as the Southern Italian regions, remained peripheral. Nevertheless, according to Marjolin, the Common Market could also affect them, even if its influence, in their case, was less predictable. There were, in fact, three foreseeable negative consequences (COM 1961: 26-29). First, following the end of the quota protections, structural weaknesses would amplify. Second, and strictly related, the intra-Community trade would develop between regions that were already industrialized, creating an under-development trap for the territories prevalently dependent on agriculture. Third, the freedom of movement would allow massive migrations from the poorer to the most wealthy regions, creating social unrest. According to Marjolin, these factors combined "will definitely consecrate the decadence" of the less developed regions, as a consequence of "the departure of the youngest and most active" denizens, and "the degradation of public services," such as education, transport, and social services. On the bright side, Marjolin also considered the development opportunities offered by the Common Market: technological advancements coupled with the opening of the national markets created the conditions for an industrial development less reliant on local natural resources. The role for the Community was to recognize in which case the opportunities provided by the common market were not sufficient and to intervene via an "active regional policy" to avoid an increase in the gap between core and peripheral regions.

In the following years, Hallstein continued to support the creation of regional policy at the Community level. In a public speech gave in 1963 at the Congress of the Peripheral Regions of the Netherlands, Hallstein examined Regional Policy in the broader context of the European integration. A supranational regional policy would create "the feeling of solidarity among the parts of the forming union," allowing them "to achieve a true European community" (COM 1963: 2). A year later, in a public speech in Rome, he discussed the relationship between solidarity and regional policy again. In addressing the European municipalities, "the closest (institution) to the citizen of Europe," he recalled the words of the founding father Robert Schumann, according to whom "the European Communities (…) are a solidarity of facts," "born out of common action." Such action is to be understood not only in the economic and social field but also "in its spatial context" (COM 1964: 2-3). Thus, the regional policy must be present in all the social and economic initiatives of the Community.

The efforts of the Commission in the first half of the decade culminated in the first Communication on regional policy in 1965. In this case, the Commission organized three groups of experts to outline the essential features of the future policy. The first Group of Experts was lead by Wolfram M. A. Langer, at the time Secretary of State at the Ministry of Economic Affairs in Bonn. Most notably, Langer co-wrote in 1959 "Wohlstand für alle" ("Prosperity for all") with Ludwig Erhard, at the time Vice-Chancellor and Minister for Economic Affairs of the German Federal Republic, and widely regarded in West Germany as "the Prophet of the Market Economy" (Hien 2013). The second Group of Experts was led by a policy advisor from the SOCOREC (*Société Coopérative d'Etude et d'Assistance pour la Reconversion Economique des régions touchées par les fermetures des Charbonnages*). Such Society was created in 1959 by the Belgian Government to deal with the economic reconversion of declining industrial regions, especially those related to coal extraction (CECA 1962). Finally, François Bloch-Lainé was at the head of the third group. At the time General Director of the *Caisse des Dépôts et Consignations*, Bloch-Lainé had been Director of the Cabinet of Robert Schumann, in 1946, and *Directeur Général du Trésor* in 1947.

The first Group defined the problem at hand as a "wide development gap" between the "poorer" and the "more active regions." Although a certain amount of inequality was deemed as "necessary for the economic progress," such was not the case of the Community, where current "severe imbalances" burdened its global economy. According to the group of experts, such imbalances were caused by "large agglomeration" economies, and the role of the regional policy, both at the national and at the communitarian level, was to allow an effective contribution to the creation of economic wealth and to share its yields better (COM 1965a). Accordingly, the aim of the regional policy was threefold. First, to reduce the gap between different regions of the Community. Second, to reduce problems of adjustment created by the increased competition of the common market. And third, to create a better geographical distribution of industries. When considering these three aims, Faludi (2008: 7) suggests that the "embryonic rationale" of the European spatial planning — cohesion, co-operation, and coherence — was already defined. Once again, by suggesting the creation of "growth poles," it was the first group to establish the method to achieve these objects, following an economic theory firstly expounded by Perroux in 1955 (Leonardi 2005). The aim was to foster the formation of complexes of industries and services and the necessary infrastructures. The document defined a clear division of work: "once the initial steps have been taken," thanks to the stimulus of public intervention, the pole would have been capable "of further development through normal economic forces." The Member States were the main proponent, but the "planning, financing and launching" of new industrial activities involved a supranational body, the High Authority of the European Coal and Steel Community — two years later absorbed by the Commission (COM 1965a: 9). Within the new framework, the existing supranational instruments were to be strengthened; in the case of the ESF, the Commission sent the same year a reform proposal to the Council. The link with regional policy was made explicit: the ESF was conceived as an instrument to "intervene more directly in the spheres of regional development" (COM 1965b). In the case of the EIB, the Communication on regional policy endorsed a proposal made in the previous years by the European Assembly. The EIB was to retain its basic intergovernmental nature. However, the Commission would intervene as a "third party" to grant interest rebates and to lower the burden for the less developed regions acceding to the EIB loans.

The second Group focused on the re-adaptation of regions affected by industrial decline. The first part of the Report focused on the cognitive aspects of such a problem: how to diagnose which areas would be soon affected by industrial decline. The situation faced by such regions is different from the one of underdevelopment; in this case, "the many different situations, the wide range of regional frameworks in which such situations arise and the insufficient statistics" made it difficult to refer to a general theory of industrial decline. A pragmatic approach was better suited to face this challenge: the group of experts urged to "ameliorate existing information tools," by creating a benchmark based on qualitative and quantitative indicators on regional economies. The second part of the Report outlined some of the specific aspects a requalification programme should encompass. The main focus was on industrial districts "near important centers, especially endowed with a social and cultural infrastructure." At the same time, "the proximity of a transport axis" was considered to be a potential success factor. The same rationale of the "growth pole" applied also here: “satellite activities” are essential to creating development since without them "a firm could develop only at great cost." Finally, the third part of the Report dealt with the concrete means to prompt this "adaptation." Once again, the Expert Group envisioned a mix of financial and social instruments: the EIB was to provide the former, while the ESF the latter. However, and differently from what proposed by the first Group, the second Group considered two more instruments: price regulation from the CECA and urban regeneration.

The third Expert Group, finally, outlined the possible benefits of regional policy at the Community level. One theme of the Report stood out: the "rationalization of the administrative action." The Group led by Bloch-Lainé first considered which institutional context was better suited to development policies. On the one hand, highly centralized systems, where "vertical" coordination between different tiers of government was taking place, were considered less able to mobilize "the social and economic milieu" in participating to regional development. On the contrary, those states which "grant[ed] a large autonomy to local and regional communities" were considered able to involve territorial interests in the decision making. This involvement, in turn, mobilized a better knowledge of the "concrete problems" on the ground. On a precautionary note, the Report suggested that possible issues may arise when "excessive importance" is "given to local interests to the detriment of general policy considerations." On the other hand, the Report focussed on the development of Community regional policy. Once again, the author was cautious on his premises: "without any doubt, regional policy is a Member States competence." "But" European institutions also needed to consider the "regional effects" of their policies, such as in the Common Agricultural Policy. Moreover, the existing policy instruments, such as the ESF and the EIB, must be integrated "within a general conception of regional policy in the European Community" (COM 1965a: appendix 3).

It was already late to put these proposals into practice (Bache 1998, Faludi 2008). During the empty chair crisis, the Commission sent a memorandum to the Council in an attempt to save its proposals. In this document, the Commission agreed on the possibility to postpone the creation of a Community's budget until 1970. There was also a reference to the harmonious development of the Community and the need to have a regional policy. Pretty eloquently, the regional policy was not linked to the creation of the Community budget (COM 1965c: 9). The Council published the memorandum at the end of July 1965, and in August 1965 the influential French farmers' association publicly expressed their approval. It was, however, too late: the Hallstein Commission had already become a "burdensome presence" (Pierret 1984, Pescatore 2006) and when many of its initiatives sank, the window of opportunity also closed for regional policy.

3. The Doldrums Era

3.1 Towards the European Regional Development Program

The Hague Summit

The customs union was completed in 1968, one year in advance on the timeline spelled out by the Treaty of Rome. The Rey Commission had just settled, and it was already out of work. On this premises, President Jean Rey addressed the European Parliament in Strasbourg, declaring that the second phase of the European Economic Community was starting. The second phase was none other than the economic union. At this time, Rey characterized it as a mix of common policies in the energy and transport field, plus regional policy. In Rey's speech, regional policy is described as the core policy of the Community: "just as the heart pumps blood to all parts of the body, regional policy should stimulate and nourish economic life in regions where it is weak or ailing" (COM 1968: 10). What was implicit in the Hallstein's take on the regional policy was now fully explicit: regional policy had become a priority. According to Rey, it was not just a matter of giving aid to peripheral regions as it was in the Treaty of Rome. As a matter of fact, along with regions heavily dependent on agriculture, such as Southern Italy, and much in line with the 1965 Communication on the Regional Policy, Rey also mentioned "older industrial regions in decline" and the "internal frontier regions common to one or more members states." The latter was especially relevant: those were regions directly affected by the abolition of frontiers; as such, the regional policy should develop these areas "into economically and geographically homogeneous Community territory" (COM 1968: 10).

In 1969, the European leaders met in The Hague to discuss two fundamental issues. The first one was the creation of EMU. The second one was the enlargement of the Community to the United Kingdom, Ireland, and Denmark. Previous attempts at enlarging the Community to the United Kingdom had failed due to the explicit opposition of the French President Charles De Gaulle: first in 1963 and then in 1967, when France resorted to the Luxembourg compromise to veto the enlargement (COM 1968: 12). The situation changed when the new French President Georges Pompidou declared that he was not against British accession in principle. In exchange for the green light for the enlargement, Pompidou asked to have the guarantee that the CAP would not be discontinued (Van Middelaar 2013: 162). A second major shift concerned the economic balance between the Community's partners. Confronting a growing economic imbalance between France and West Germany, De Gaulle attempted to stabilize the devalued French franc in order to narrow down the gap between the two countries, avoiding this way an excessive German economic power. This policy justified a tougher stance in France's diplomatic relations with the European Economic Community. In practical terms, it consisted in the strict reliance on the intergovernmental method, following the Luxembourg compromise. When Pompidou came to power, however, the economic imbalance was growing once again. This situation, according to Dyson (2014: 594) justified the favorable position of Pompidou at The Hague Summit concerning EMU as a general project.

The Hague summit was indeed beneficial for the prosecution of European integration; as a matter of fact, the Six managed to reach a consensus both on EMU and on the first enlargement. But this result was, in a sense, paradoxical. The Hague Summit marked the prosecution of the supranational construction by employing the Luxembourg compromise. Rey proved to be conscious of this in his speech at the Hague: he lamented the fact that “the strengthening of the institutions” essential to “the construction of the economic and monetary union, like enlargement” was not discussed at the Summit. The consequence of the “distorted institutional machinery” of the Luxembourg compromise was the continual menace of an institutional gridlock: “how is it possible to imagine that all decisions, even the minor ones, could be adopted unanimously in a Community of ten states?” This was the Doldrums era.

The Werner Report

Even if regional policy was not one of the main argument of The Hague Summit, it is widely acknowledged that both the enlargement and EMU played an important part at this stage of its development (Bache 1998, Faludi 2008, Manzella and Mendez 2009). Concerning the relation between EMU and regional policy, the first document that elaborated on this was the 1970 Werner Report which contained a first “road-map” for the creation of EMU. The Report was produced by a group led by Pierre Werner, at the time Prime Minister of Luxembourg, who distinguished himself as a man of consensus in the European context, by engineering the Luxembourg compromise (Palayret and Wallace 2006: 179). The mandate, by the Council of the European Communities, was "to prepare a report containing an analysis of the different suggestions and making it possible to identify the basic issues for a realization by stages of economic and monetary union in the Community" (EC 1970: 4). The Group was largely composed of political personalities and supported by a Committee of Experts mainly involving advisors from national central banks. Among the others, Johann Baptist Schöllhorn, at the time State Secretary in the Federal Ministry of the Economy of West Germany, led the Medium-Term Economic Policy Committee while Bernard Clappier, at the time Deputy Governor of the Banque de France, led the Monetary Committee. In his 6th April 1970 note, circulated within the Werner Group, Schöllhorn lamented that "the European Economic Community is still very far from being a Community [based on] stability" arguing that "the harmonization of economic policies" was a necessary condition to "develop relations in the field of monetary policy" (CVCE 2012a: 2). This was the epitome of the "economist" position, endorsed by Germany and the Netherlands, and later by Italy, which consisted in creating a convergence of monetary and budgetary policies before setting up a definitive timeline for the creation of a single currency. A strong advocate of this position was the German Minister for Economic Affairs and Finance Karl Schiller, who was a representative of the "Keynesian tendencies" within the social market economy German school of thought (CVCE 2012b, Maes 2002: 2). A few days later, the 10th April 1970, Clappier circulated a note where he argued: "Admittedly, in this matter, it is advisable to avoid any adventurous, hasty or premature initiative. At the same time, however, it should be avoided to sacrifice progress in the name of equilibrium, and it is reasonable to assume that practical monetary achievements, even when modest in their initial scope, can serve as an useful training for the whole venture." The "monetarist" position, endorsed by France and Belgium, considered monetary decisions central to the economy; therefore, the priority of the group would have been to create a timeline and a final deadline for the creation of the unified currency. The final Report converged on a synthesis of the two positions, represented by the concept of "parallel progress": "in all the fields the steps to be taken will be interdependent and will reinforce one another; in particular the development of monetary unification will have to be combined with parallel progress towards the harmonization and finally the unification of economic policies" (EC 1970: 26), which was firstly elaborated by the scholar Robert Triffin, who at the time was an official adviser to the Werner Commission (Maes and Bussière 2016). Triffin was regarded as an enthusiast monetarist, to the point of being dismissive of fiscal federalism. He argued, in 1957, that, historically and empirically, fiscal equalization systems were "a recent invention" and that such "redistribution is not designed primarily to smooth out balance of payments disequilibria and may often aggravate them rather than reduce them" (quoted in Maes and Bussière 2016: 38). Why, then, he changed his position in 1970 when the Werner Commission conceived EMU as a parallel construction based both on economic convergence and the creation of a single currency? In a note addressed to Jean Monnet, in November 1970, Triffin explained that EMU was indeed an institutional act, but it was also laden with unspoken, but foreseeable, political consequences: "the roots of Economic and Monetary Union basically lie in the transfer of joint decision-making Community bodies of responsibilities and competences hitherto in the hands of national organisation (...) when compatibility of decisions and policies is the very condition needed for them to be effective, the interpretation of national administration themselves and their deliberations is essential for forging common views and avoiding frequent disputes that need repeated and difficult arbitration by the Council of the European Community" (quoted in Maes and Bussière 2016: 45). This compromise opened up a window of opportunity for regional policy. This chance was seized by the representative of the Commission, Ugo Mosca, at the time Director-General for Economic and Financial Affairs at the EEC. In a note circulated the 3rd of April 1970, he produced a political argument in favor of establishing regional policy as a "corrective" for EMU. Mirroring what was happening at the national level, imbalances could arise as a consequence of the different level of developments between regions. This, Mosca argued, would "undoubtedly" create "a fairly high sensibility" in the public opinion, given "the not yet definite nature of the political and psychological integration, not to mention the availability of more immediate and precise data." Mosca's suggestion, then, was the creation of an "effective financial equalization at Community level," relying both on "the adequate adaptation of existing financial institutions" and "direct interventions," which would become "the subject of effective consultation" (CVCE 2012b). Gaetano Stammati, at the time the Italian General Treasurer of the state and in charge of the Budget Policy Committee in the Werner Group, further elaborated on this idea in his 7th April 1970 note. First and foremost, the role of the Community in harmonizing the economic structures "should be promoted through the employment of special measures" and "not be the result merely of the effects of gradual economic integration," implicitly referring to the position of German policymakers, who "stressed priority to economic convergence around stability-oriented policies and fiscal and monetary policy performance" (Dyson 2014: 606). The aforementioned special measures should be geared towards promoting "the progress of marginal and delayed regions": a Community Central Authority "should redistribute purchasing power and productivity by means of direct interventions": either fiscal measures, by "manoeuvring the levers of taxation and especially by granting tax concessions" or administrative measures, through an increased Community budget, which has to "acquire elasticity in order to cope with ... new tasks." Among the uses this "elastic" budget would be put to, the financing of a "Community regional policy" able to correct either "structural or cyclical regional imbalances." As it was for Mosca, to Stammati, this "new field of action" would be not just an institutional act, but political too insofar it would be "closely linked to the process of unification" and to a newfound concept of "common interest" (CVCE 2012d).

Eventually, Stammati's stance made its way to the Report, where the Group of Experts refers to a “structural and regional policy” (EC 1970: 11). It is worth to notice the difference with the framework created by the Treaty of Rome. Back in the fifties, the integration proceeded under the assumption that the common market was a game from which all the participants, as nation-states, would benefit. The problem with different levels of regional development within the member states was that this could prevent less developed regions to benefit from the increased trade between the European partners. This, however, was not a problem for the wealthiest regions which would have benefitted from the common market anyway. Therefore, the relationship between the Community and the least developed regions was one-sided: to correct the territorial imbalances was not a necessity for the success of the common market. In a sense, policy measures to correct these imbalances were a gift to the disadvantaged. The Werner Report put the problem of regional imbalances under a new light. EMU was intended to create a new “global economic equilibrium” within the Community: an area where “goods and services, people and capital will circulate freely (…) without thereby giving rise to structural or regional disequilibrium.” Existing “structural differences” could create a “dangerous threat” for this equilibrium by creating “distortions of competition” (EC 1970: 11). Thus, the task for the structural and regional policy was to contribute to the general equilibrium by eradicating these distortions. In the Werner Report, the relationship between the Community and the less developed regions went in both directions. On the one hand, EMU would allow the creation of an economic area of free exchange without creating further regional and structural imbalances. On the other hand, a certain level of homogeneity was not only a desirable outcome of the policy as it was in the past: it was considered, first and foremost, a necessary condition for the correct functioning of EMU. Hence the call for the direct intervention of the Community: “to ensure the cohesion of economic and monetary union, transfers of responsibility from the national to the Community plane will be essential" (Werner 1970: 10).

The first enlargement and the Thomson Report

Different from EMU was the role of the first enlargement. The Commission considered territorial issues in the prospective Member States not qualitatively different from the regional problems already confronted by the Community (COM 1969b: 52). Hence, from an allocative perspective, the future enlargement to the UK, Ireland, Denmark, and Norway was declared to be not influential on the future development of regional policy. Compensatory motives, instead, played an essential part in the creation of the Fund (Mendez *et al.* 2016, Leonardi 2005). While Ireland and Denmark had both to benefit from the Community budget, the UK was a net contributor since from the start. At this time, the main item in the budget was still the CAP: by relying heavily on the import of agricultural products, Britain was not able to benefit from the common policy. And yet, as we already seen, France demanded the UK's CAP contribution as the necessary condition for the accession. Moreover, the British economy was lacking a highly developed industry and a service sector: in this way it was structurally unable to benefit from the Common Market as well (Lindner 2005: 115). Even though these problems were known well before the accession, UK Prime Minister Edward Heath signed the Treaty of Accession nevertheless. Once a full member of the club, he expected to be able to renegotiate the economic conditions for the UK. The ensuing negotiation dragged out through the whole successive decade, but a first rebate was obtained in 1975 by his successor Harold Wilson. Wilson's talk centered on the creation of the European Regional Development Fund, from which the UK expected tangible benefits (Lindner 2005: 118). Thus, both allocative and compensatory motives played an essential part in the creation of the European Regional Development Fund.

The Heads of State and Government reached the first agreement in the 1972 Paris Summit. Considering the correction of "structural and regional imbalances" a high priority in prevision of EMU, they invited the Commission to prepare a report on the regional issues affecting the enlarged Community. The Report was made by George Thomson, at the time European

Commissioner for Regional Policy. The Report presented the harmonious development of the Community as a “moral and human requirement”: without sustaining the local communities, the “idea of European unity” would be doomed to disenchantment (Manzella and Mendez 2009). The Thomson Report identified two main regional problems. The first one was the lack of convergence between the European regions. Since the Treaty of Rome, the GDP of the member states’ economies grew up by the 5.4% on average. Despite this, the economic activity expansion was not geographically balanced, in particular in the prevalently agricultural and in the “industrial decline” regions. The second problem was the migration of workers from peripheral to core regions. To intervene on these imbalances, the Report proposed the creation of a regional development fund, financed either by grants or by rebates. The regional policy aimed at solving these problems by financing industrial schemes and transport projects in the most disadvantaged regions. The ultimate aim, consistently with the growth pole theory, was to create “self-sustaining growth” in these territories (COM 1973: 13). To better suit the allocative purposes of the fund, the Report proposed two principles. First, the Community regional policy and, consequently, the regional Fund were not intended to substitute the national regional policies: it was a complement to better reduce “disparities” across the Community. Second, the Report addressed explicitly the *juste retour* question: the fund was conceived to concentrate its expenditures in regions “which are the most in needs in relation to the Community as a whole” (COM 1973: 14). Both principles were intended to avoid that the fund was used as a compensatory means, either to reduce the net contribution of member states or to redistribute resources toward poorer members.

In the successive 1974 summit, the Member States' representatives intensely discussed both the criteria. Other than the size of the fund, the most debated items were the eligibility criteria and the allocation mechanism. Both the additionality and the concentration principles were watered down to leave more room for choice to the national authorities. A third, far-reaching proposal that was purged from the ERDF regulation was the direct involvement of the regions in the policy-making. This single item, which was strongly endorsed by the European Conference of Local Authorities and by the Parliament, but it did not pass the scrutiny of the Council. In the words of Thomson: “We have to be realistic (…) the Community cannot intervene in the relationships between national and regional or local authorities” (Thomson 1975).

Notwithstanding the hiatus between the intentions and the execution, Thomson expressed satisfaction when the Fund was firstly implemented in 1975. Current scholarship defines the ERDF at this stage “a virtual paragon of intergovernmentalism” (Manzella and Mendez 2009; McAleavey 1992), with limited involvement of the Commission (Leonardi 2005). According to Thomson, however, the mere presence of the Community logo on “notice boards on the public works projects” funded by the ERDF was something “able to catch the public imagination” (Thomson 1976).

The concept of "neighborhood Community" and the Tindemans Report

In a speech delivered on the 1st March 1976, Thomson spent a few words on the future of Europe: "the Community is once again coming to a crossroads. Some of you may feel rather wearily that the Community is stuck permanently at an eternal crossroads" (CVCE 2012e: 1). We will discuss what Thomson was referring to, but now let us just focus on the content of this comment. According to Van Middelaar, the Empty Chair crisis that took place in the previous decade demonstrated, at a fundamental level, that while the Six entered the Community as separate entities, they could not leave the Community the same way as they accessed. In the way the aggregate work of an industrial weaving loom is more than the work of its single components, when the Six started working together within the Community framework, their particular, national, interests were interwoven into a more comprehensive "European" interest. As Ferrera observes, "national interest count (...) but there is also an awareness of shared interests: individual Reasons of State tend to intertwine to support EU Reason" (2016: 20). A "neighborhood community" was *de facto* established as a consequence of the recognition of the common interest that tied together the Six: such community was inspired by "ethical-economic principles of reciprocity and capable of sustaining a certain degree of undesired obligations" (Ferrera 2016: 20). When the first oil-crisis took place, after the 1973 Yom Kippur war, the oil-importing countries reacted almost simultaneously by restricting wage growth to reduce imports; this caused recession almost on a continental scale. And if the situation were not dire enough, anything less than a coordinate response would cause even more trouble: such was the case of Italy, which adopted serious measures to confront imported inflation only a year after, in 1974. As a result, Italy ended up with inflation above 25% in the years 1974-1975 and a massive trade gap with its commercial partners (Salvati 2000: 46). The awareness that the Member States could no more act as single entities is also present in many documents of the period. Let us consider the 1976 Thomson speech again: "nation-states of the Community -- even the strongest -- can no longer meet the needs of their citizens by policies of economic nationalism. They are too economically interdependent." The 1973 recession caused the unemployment levels to rise across the Community; in 1975 unemployed were well above the 5 million. Thomson commented: "it is no good seeking to solve a national unemployment problem by exporting unemployment across one's neighbor's frontier. Economically and politically it is disastrous, for your Community neighbors are also your best customers and your closest allies" (CVCE 2012e: 3).

How the concept of "neighborhood" applies to regional policy and the ERDF? As we have seen, a strong stimulus for their creation came from EMU project, while the Werner report provided a rationale to create a Community regional policy which would feed on a more generous European budget. At the same time, The Hague summit in 1969 acknowledged that the impact of the first enlargement on regional policy would be modest. And yet, just a few years later, the main rationale for the creation of the ERDF in the Thomson Report was not the EMU project but the accession of Denmark, United Kingdom, and Ireland. What explains the use of a weaker rationale, in this case? What happened between 1971 and 1972 was a general cooling down of the EMU project. In 1975, this was investigated by the Marjolin Group, composed partly by personalities involved in the Werner Report few years before (Brouwers and Clappier) and economists that were involved in the MacDougall Report, which will be published in 1977 (MacDougall, Peeters, Forte) and few other academics. The Report concluded that unfavorable events, such as the international monetary crisis after the end of Bretton Woods and the oil crisis, a lack of unity by European governments[1] and a lack of understanding of what EMU entailed, acted together to

[1] "At no time did the governments really try to face together the difficult circumstances. Their will did not show itself as a European will, but a series of national wills more or less unaware of those of the others, each one doing its

prevent any substantial advancement of the project. According to Dyson, instead, the "parallel progress" doctrine contained in the Werner Report did not convince the French Gaullist government, which was "not prepared to share, let alone delegate, fiscal sovereignty in parallel with the proposed shift to monetary union" (Dyson 2014: 611). As a result, the ERDF was mainly justified in terms of *juste retour* toward the UK. Moreover, any aspect of it which would go in the direction of a truly supranational policy, such as the concentration and the additionality principles, was watered down by the Council, insofar it did not serve any immediate instrumental purpose. Even though there was not enough "faith" to leap farther than this, there was a sense of responsibility toward the common space the Six, now to become Nine, were sharing together. Hence, the "Doldrums era" was not characterized by a complete stasis of the project, but rather by a gradual progress, often painfully slow. Decisions were taken confronting the choice situation at hand, rather than following ideal impulses. Again in his 1976 speech, Thomson compared the Community to a tortoise: "if you keep looking at it, it does not appear to move, but if you look away and then look back again, you will find that it has moved very perceptibly" (CVCE 2012e: 2). The neighborhood concept, then, can only hardly explain the first institution of regional policy. However, as the next paragraphs will show, this is not the most relevant part of the story. In an anxiety-ridden era such as this one, the 1974 Paris summit gave to Leo Tindemans, at the time Prime Minister of Belgium, the mandate for a new report whose aim was to find a viable way to transform or to expand the Community into a political union (Tindemans 2003). In his late memoirs, Tindemans described the dilemma he found himself in. There were three choices available. The first possibility was to write "a report on the pending disputes and their resolution." The second possibility was to report on "the developments" he believed "inevitable": "to stay true to the intentions of the Founding Fathers, taking into account the time in which we lived," referring to options such as " Economic and Monetary Union, the single market, common foreign policy and security policy, the establishment of the European Parliament, the strengthening of existing institutions, regional policy." The final possibility was to launch "major proposals in an enthusiastic Spinelli-style" such as "Constitution, federalism, European Army, (...)." In the end,

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best to find its own way out of trouble. Attempts to face up to the different crises through communal action have been timid and short-lived" (COM 1975: 4).

Tindemans took the second option: while the first one would have been, arguably, of little use, the third one would "not quite resonate (...) in the newly established European Council." More likely it would "constitute a source of aversion in the current times." The second option at hand was a compromise between the first proposal, which was quite "below expectations" and the third proposal, which he deemed based "on utopian ideas." By pursuing concrete goals, Europe would get "to a stage in which the end goal can be defined" (Tindemans 2003: 311). The report, then, was deeply imbued with pragmatism, based on an idea of Europe which "is not just a form of collaboration between States. It is a rapprochement of peoples who wish to go forward together, adapting their activity to the changing conditions in the world while preserving those values which are their common heritage." "No one wants a technocratic Europe": the Report stressed the idea that, unless the Community was able to create tangible everyday benefits for the European citizens, the whole project would be bound to fail. To avoid this scenario, Tindemans proposed a "Progressive Europe" based on "positive solidarity." Regional policy was a substantial part of this model, by "counteracting the centralizing effects of industrial societies" (Tindemans 1975: 12-13). The Report, however pragmatic, produced few immediate consequences. Tindemans was particularly deluded by the lack of initiative the Commission showed at this juncture. Thomson was one of the few voices of the Commission showing active support for Tindemans. In his 1976 speech, he acknowledged that the diagnosis made by the Tindemans report was substantially correct in pointing out how the 1973 oil crisis and the subsequent recession had impacted negatively on the Community. This aspect is characterized in the speech made by Thomson, not as a collection of individual Member States, but as an entity with its own developmental logic: "under the impact of recession and inflation national economies have been diverging -- not converging as is essential if the Community is to advance" (CVCE 2012e: 5). According to Thomson, a key solution to the difficulties the Community was facing, somehow underplayed in the Tindemans report, was regional policy. "Massive new investment is needed to bring about the structural changes in Europe." Any intervention, however, had to be carefully planned, insofar "forms of Community aid, useful and well justified as individual acts of policy, when looked at as a whole appear to be actually widening the regional gap instead of closing it." There was also a second side concerning reciprocity: "on the discipline side, there may be an advantage to the Member States facing economic weaknesses if the were to give up defensive national weaknesses and stop saying that a special exception should be made to allow them to do things their own national way." Thomson's conclusions perfectly fit in the formula of "neighborhood community" as characterized by Ferrera: "I do not think it is possible to get away from this balance of mutual help and Community discipline if the Community is to become a real Community, achieving the aims of European Union set out by Mr. Tindemans. The alternative is a loose inter-governmental grouping of national economies while those countries with the economic strength and political will to gain the benefits of integration go ahead and do so. It will be a second best even for them and a third or fourth best for those unable to be members of the magic inner circle."

To answer the first question, "How the newfound concept of 'neighborhood' applies to the first creation of regional policy and the ERDF": very little. The first part of the decade (1970-1975) saw as a major development in the creation of ERDF and regional policy. There is, however, enough evidence to support the idea that this was the creation of a "loose inter-governmental grouping of national economies" who needed to restore the budgetary balance after the accession of three new Member States. Notwithstanding this, there is also enough evidence to support the idea that this "inter-governmental grouping" was perceived and declared insufficient by a large number of actors playing both within and without the European institutions. Two major reports, the Werner and the Tindemans reports, firstly showed two distinctive paths towards an economic and monetary union and a political union. The debate surrounding both reports tried to move to a different plane than a mere bargain, rather seeking to define some fundamental aspects of the future Community. Commissioners such as Thomson tried to push the envelope of regional policy as farther as it was possible. While what was possible at the time was not always close to the ideal of Community, in his speeches he showed at least that he was conscious of the ties that bound together the Members of the Community, and he clearly showed a path of institutional development in line with the conception of "neighborhood Community."

3.2 The "*hors quota*" struggle

In 1974, in line with the proposals in the Werner Report, the Commission started to investigate how public finance could support the European integration. An external group of economists was consulted. This group was chaired by Sir Donald MacDougall, at the time chief economic adviser to the UK Chancellor of Exchequer. Among the other economists involved, William Oates wrote a study on the application of fiscal federalism to the European Community, while Russell Mathews focused on the possibility of adopting mechanisms for fiscal equalization in the Community. The report, published in 1977, considered "around 20-25%" of the aggregate GDP the amount of public expenditure in a "Federation in Europe," "as in the U.S.A and the Federal Republic of Germany." MacDougall *et al.* considered realistic an earlier stage public expenditure corresponding to 5-7% of the aggregate GDP excluding defense. The Macdougall Report proposed three arguments in favor of an expanded budget. First, the achievement of economies of scale would justify the involvement of the Community in fields such as research on advanced technology, industrial and technical standards. Second, the Community budget should be used to compensate for the "spill-over" effects that public investments in one Member State could have on other member states. In this scenario, a "pre-federal integration stage" would involve public expenditure in the "areas of structural and cyclical policies, especially regional and employment policy." Finally, given the fact that the Member States could be reluctant to increase spending, budget growth can only be obtained when policies are transferred from national authorities to the Community level: such a level-shift would produce economies of scale that would allow savings. Following this logic, the Report made a series of practical suggestions on how to expand the budget. Some of them involved investments in educational policies and reciprocity in health services and social security. However, the major item of expenditure would be in "the area of structural, cyclical, employment and regional policies," where the Group of Experts saw the "main need for substantial expenditure at Community level," in order to "reduce inter-regional differences in capital endowment and productivity." The Report went on suggesting some measures that could be implemented. Other than increased expenditure in fields already covered (ESF and ERDF), the Report considered the creation of four additional measures. First, the creation of a Community Unemployment Fund, helping "[to] cushion temporary setbacks in particular member countries." Second, a budget equalization scheme for economically fragile member states that would bring "their fiscal capacity up to 65% of the Community average" to avoid substantial differences in welfare standards. Third, a system of cyclical grants to regional governments based upon regional economic conditions. And finally, a "conjunctural convergence facility" to counteract cyclical crises that would lead weaker member states to increase economic divergence. (MacDougall 1977: 12-13).

In 1977, Antonio Giolitti was appointed European Commissioner for Regional Policy. He was a member of the Italian Socialist Party and former Italian Minister for the Budget between 1969 and 1975. When he became Commissioner, he immediately acknowledged the legacy of Thomson, openly endorsing some of his proposals. In the first months of 1977, Giolitti was seeking consensus for the first reform of the ERDF, which was planned in 1979. In February 1977 Giolitti declared that two principles would guide the ERDF reform. On the one hand, Giolitti proposed to increase the ERDF coordination with other Community policy instruments, such as the ESF and the EIB. The three instruments served a common end: the economic and social development of the weaker territories. In the early seventies, however, they were used in a fragmentary way. The progressive coordination proposed by Giolitti led firstly to the "integrated approach" in the Integrated Mediterranean Programmes (IMPs), and then to cohesion policy and the creation of a Common Regulatory Framework in the late eighties. On the other hand, Giolitti endorsed the principle of flexibility. We had already encountered this idea in the debate on the Werner Report when Stammati firstly proposed it. According to Giolitti "flexibility (...) is intended to modify the rigidity that ties funds expenditures to fixed quota that are attributed to different regions." Concretely, the proposal consisted in the creation of a Community quota ("*hors quota*") that would allow the Commission to use funds to serve ends not dictated by national regional policies (COM 1977a). A third principle was enunciated in a speech made in May 1977: the concentration principle. According to Giolitti, regional policy needed to reinforce its redistributive dimension, by transferring resources to those Member States and regions that were more in need (COM 1977b). When commenting the MacDougall Report, he justified such redistribution not just as an end in itself, but also as a "political good": "Community's (...) financial operations inevitably will have a redistributive side-effect, but (...) if we leave the redistributive aspect to look after itself, we are losing opportunities to bring Europe closer together" (COM 1977c). A second rationale provided to justify the redistribution is the "*politique d'accompagnement*" argument, an extension of Triffin's parallelist doctrine: "EMU cannot be (...) only a monetarist policy. A stabilizing policy based on budgetary expenditure and structural measures is needed" (COM 1977d). An important passage in the ERDF reform was the approval of the budget by the European Council in December 1977. This was, for Giolitti, an important occasion to consolidate the work of his predecessor, Lord Thomson: the European Council was discussing the approval of a larger budget and a substantial "extra-quota" section of the ERDF. The President of the Commission Roy Jenkins supported the initiative: the ERDF was, in fact, an “instrument for providing additional Community assistance for national regional policies.” The need for a “Community own regional policy” was reinforced, in the eyes of the policy-makers, by the macroeconomic environment. As already stated by the Thomson Report, the growth in the sixties had failed in reducing the economic gap between regions. The economic situation in the mid-seventies — high inflation accompanied by economic recession — further aggravated existing regional disparities, thus exposing “the limitations of a pure ‘common market’” (Jenkins 1977: 4; see also COM 1977). The European Council, nevertheless, decided to water down the reform, to Giolitti's surprise. The 7th December 1977, Giolitti answered bitterly to the European Council: "the risk is that the ERDF would become only a semblance, and that any concrete solidarity from the Community would become impossible." The failed reform was a "proof" of the Community's crisis: "it was, after all, a small step forward. And yet, this small advancement has been keenly minimized. A 'gradualist' policy will not serve any purpose (...) we need to aim higher, we need to pursue the objective of EMU" (COM 1977e).

Although the budgetary politics had reduced the scope of the reform, the 1979 ERDF reform contained a non-quota section of the Fund nevertheless. According to Jenkins, this section was indeed an “instrument of Community regional policy” insofar as the decision on how much to allocate to a region was completely in the hands of the European Commission. Accordingly, the rationale for the non-quota section was to intervene in Community-related issues only: mainly areas affected by the supranational policies. The downside of the reform was its financial endowment, which amounted to 5% of the total ERDF budget. The Parliament promptly objected that this figure was too low to possibly have any substantial impact (Evans and Martin 1992). Moreover, the eligibility of applications was subject to the unanimous vote of the Council of Ministers (Anderson 1990) leaving the policy firmly in the hand of the national authorities. Giolitti reacted harshly and, during the following years, his rhetoric became more incisive while his contributions to regional policy became more peculiar. This is exemplified by a speech he gave in October 1978. In this occasion, Giolitti pitilessly reviewed the history of the Community, starting from the Treaty of Rome in 1957: "the commercial aspect took precedence over the 'Community' aspect; the spirit of competition took precedence over the spirit of solidarity (...) confidence in expansion [of the economy] (...) was stronger than fears of possible depression." From his perspective, "the Social fund was a pleasant but somewhat innocuous ornament tacked on to the Treaty of Rome," "the Regional Fund (...) an extremely weak instrument (...) it was a 'back-up' instrument, to correct or compensate (consolation prizes) after the event for the damage to the Community's internal equilibrium." At the same time, the faith in the "invisible hand" of the free market prevented any serious attempt at correcting market outcomes. After the seventies, however, the situation drastically changed: "in the recent years the invisible hand seems to have disappeared altogether" as a consequence of the oil crises and the upsurge of inflation. Giolitti argued that "if the market is no longer able to regulate itself, it must be regulated," and that "only the yardstick of public interest applied at Community level can prevent intolerable imbalances and strain." Public expenditures, then, could have a role in improving the situation: "price stability and balance of payments equilibrium are necessary but not sufficient conditions (...) also needed are mechanisms which replace recourse to exchange rate manipulation to avoid intolerable strain and imbalances in countries with lower levels of productivity." Giolitti identified three possible mechanisms: the control of the national level of costs, factor mobility, and regional policy. But since "it is inconceivable (...) to obtain from the first two results which could be achieved only by the authoritarian planning of income and direction of labor, regional policy is essential to produce the necessary redistributive and structural effects."

The Cambridge Project and the Integrated Mediterranean Programme

Evidently dissatisfied with the "gradualist" approach of the Council, the European Commission started to increase its efforts at reforming the ERDF. In 1977, the Commission sponsored the "Cambridge Project." The starting point of the project was, once again, the economic divergence between the European regions. The study empirically demonstrated that the divergence between the Member States depended on long-standing structural issues. The resulting core-periphery cleavage was slightly different from the traditional divide between Southern and Northern Europe: The periphery, accounting for the 47% of the Community total land area, also included western Britain and northern Denmark (Keeble *et al.* 1982: 45). One major finding of the study was that the structural imbalances within the Community were widening rather than narrowing. What was the cause of this phenomenon? According to the authors, in any economic area, territorial inequalities tend to grow. Therefore, national factors such as administrative efficiency were part of the equation. However, "over and above national factors," a "powerful underlying influence" was exerted by the relative location of the regions within the Common Market (Keeble *et al.* 1982: 196). According to the Cambridge Project, in a free-trade community, core regions are systematically favored by freedom of investment. Four causal conditions can explain this preference: the accessibility of the market, the leading role in technological innovation, the labor market characteristics and the presence of agglomeration economies in the core regions. Greater distance costs account for the lack of investments in peripheral regions — "notwithstanding the improvement in peripheral region transport links" (Keeble *et al.* 1982: 200).

In the context of the Mediterranean enlargement, considerations on both the peripherality of the new Members and the limitations of the Community regional policy created a widespread concern among the European policymakers. While the first enlargement did not affect the Community regional policy directly, the proposed enlargement to Greece, Spain, and Portugal most likely would. In its 1981 report on the Mediterranean enlargement, the European Parliament argued that the accession of Southern European countries would exacerbate the prosperity gap in the Community. This state of affairs, in turn, "may give rise to social conflict at the European level (…) in the form of North-South conflict" (European Parliament 1981: 8). In the same Report, the Parliament urged the creation of a Mediterranean Fund. The ERDF was not fit to deal with the territorial problems of the new members, insofar "its system of quotas precludes any geographic concentration of aids" and "it is channeled straight into the national treasuries rather than (…) to investors at (…) regional level" (European Parliament 1981: 17). Starting from these considerations, the Commission designed a new policy targeted at fostering economic development in the Southern European regions. The fund was named Integrated Mediterranean Programmes (IMPs), and it was initially destined to the Greek regions, the Italian Mezzogiorno and Southern France. The policy was based on the idea that redistribution toward lagging regions, although a necessary component, was not sufficient to promote economic and social development. A 1981 study by the *Wissenschaftszentrum* of Berlin for the DG Regio identified the conditions that prevented the endogenous development of the lagging regions. For what concerns the "supply side," the study identified as potential 'bottlenecks' structural factors such as the lack of labor market diversification, missing information linkages with scientific centers and the absence of professional training systems (Wettmann and Cicciotti 1981). Following these considerations, the IMPs were designed to support the indigenous development in those regions. Concerning the governance, the Council of Ministers' involvement was limited to the retrospective evaluation of the IMPs' implementation. The most relevant innovation, however, was the creation of a direct institutional channel between the Commission and the local and regional authorities involved in the implementation. The reduced involvement of the national authorities along with an increased role of both the regions and the Commission were anticipating the 1988 reform of the Structural Funds (Lowe 1988). From a policy perspective, the IMPs drifted away from the sectoral approach that dominated the Community regional policy from the 1950s onward: the target of the IMPs, in fact, was not a specific sector, but territories. Starting out as a complement to the Common Agricultural Policy in the Mediterranean regions, the IMPs were soon reshaped as a multi-purpose intervention, addressing other developmental aspects such as labor training and infrastructural policy. The way in which the IMPs distributed resources was coherent with the general bottom-up approach adopted by the Community. The compensatory motive was not completely excluded from the policy: half of the IMPs funding was devoted to Greece, the poorest Member State among those receiving financial assistance.

However, the other two recipients of the fund, France and Italy, were not able to get any indication of how the other half would be shared between them. According to Smyrl (1998), both the absence of any "fair return" and the direct involvement of non-central actors were "mutually-reinforcing" innovations showing the imprint of Jacques Delors' political brokerage. Delors was, in fact, involved in the IMPs initially as Member of the European Parliament, and then as President of the European Commission. He made clear his intentions by taking the distances from the ERDF and its compensatory motive, described as "*la non-Europe*": the Member States were divided "into hostile blocs of payers on the one hand and recipients on the others." Accordingly, the IMPs' spending had to be different: in the presence of a quota-system, in fact, the claim to adopt the programs "on their individual merits" would not be credible. Redistribution was not excluded from the motives of the policy, but it was made towards the Community neediest areas and not the states (Smyrl 1998: 92-94).

Deemed by Delors himself as a "*laboratoire du changement*" (Drake 2002: 108), the IMPs were a remarkable passage that influenced the 1988 reform of the structural funds. It firstly signaled the tidal change in the method used to promote the European integration. In the words of Delors (1989: 65-66), the intergovernmental method, "based on the search of consensus for even the most trivial decisions" put the Community "in a state of lethargy." To move the European project out of the doldrums, Delors prompted the resurgence of the Community method, *de facto* dismissed after the 1966 empty-chair crisis. "The progressive and limited transfer of national powers to common institutions possessing a real power to make decisions" was the most suitable method to achieve the Community's ultimate objects: "to achieve the economic union and to found a political entity."

4. The Boom Era

4.1 The 1988 reform

Jacques Delors became President of the Commission in January 1985. He proved, almost immediately, to be extremely active in his political action. He was motivated in restoring the confidence that the Community had lost twenty years before, after the failed "springtime bluff" played by EC President Hallstein (Van Middeelar 2013). In this sense, the reform of the structural Funds became part of the effort but not the main priority of the Commission, nor the most immediate. In the earlier months of 1985, in fact, Delors toured the ten capitals of the Community to test the waters for an ambitious project: the completion of the Single Market. As we already discussed, the debate on the completion of the Single Market and EMU was on the table since the Rey Commission in the late sixties. Already then, it appeared as the best way to re-launch the European Project after the impasse of the empty-chair crisis: after twenty years "in the doldrums," it appeared more urgent than ever. Some of the preparatory work had already been done. Gunter D. Baer and Tomaso Padoa-Schioppa explicitly revised the Werner Report (Baer and Padoa-Schioppa, 1989). In the same period, the Commission also requested the Padoa-Schioppa Report, which further explored the relationship between regional policy and EMU. According to the Italian economist, two factors were at play in justifying a substantial reform of the Structural Funds. First, the access of Greece, Spain, and Portugal created a "more heterogeneous area (…) than the original Community of six," which resulted in structural imbalances between the Member States that could hinder the "harmonious development" of the Community. Second, the prospected market liberalization created the risk of aggravating these imbalances. Hence, "reforms and development of Community structural funds [were] needed (…) to speed adjustment in structurally weak regions and countries" (Padoa-Schioppa 1987: 5-6).

In line with these arguments, Delors started to present regional policy as something necessary in creating EMU: "Regional policy, which refers not simply to regional fund expenditure, but rather to all policies affecting the development of the regions, must be an essential element in the policy mix necessary to achieve economic and monetary union" (COM 1989: 71). The diagnosis by the Commission, in fact, was that both the Single Market and EMU could produce asymmetries among territories for what concerned economic growth. N. Kyriazis, under the DG Research, theorized the possibility of a trade-off between growth and inequality: the Single Market would increase the aggregate economic growth in the Community but, without any intervention, so would increase regional inequalities (COM 1988: 10). According to this Report, political and social considerations trumped economic arguments: the Community needed redistribution even if "even if it [had] some negative effects on growth" in the wealthiest Member States. And yet, the report by the DG research did not put too much emphasis on redistribution: the main objective of regional policy would be to "enhance growth," and not to compensate the potential loss in economic wealth of the less-developed regions (COM 1988: 15).

When discussing the 1988 reform in the 1989 paper "Regional implications of the economic and monetary integration," Delors distinguished between three policy alternatives. The first one was a "neoclassical" regional policy. The basic assumption, in line with the steady-state growth theory, was that the trade liberalization would distribute economic growth evenly across the Single Market. Accordingly, the role of regional policy was limited to correcting eventual rigidities in factor prices and mobility. Delors defined a second policy alternative as "Keynesian regional policy." In this case, the main assumption was that, for reasons related either to structural weaknesses or economic cycles, some of the regions could be "economically weakened" by the creation of the Single Market and EMU. To restore consumer confidence, then, the Community would create a budget equalization system, consisting in monetary transfers from the wealthy regions to the poorer regions. Delors characterized the third policy solution as a "decentralized supply-side regional policy." The main aim of the policy was to improve the "resource base of the region": in line with the rationale of the ERDF and the ESF, the policy would contribute to the creation of physical infrastructure and human capital. But the decentralized supply-side approach was more ambitious: incentives were destined to local initiatives and to the creation of new institutions "to regenerate weakened regions" (Delors 1989: 86). In other words, redistribution was a necessary part of it, but it would be less relevant than in the Keynesian policy. According to Kyriadis, given the vast economic and social differences across the Community, financial transfers would not be enough, given the economic constraints of the common budget. However, the "decentralized supply-side" approach would allow using meager financial resources more efficiently: the policy, by mobilizing the "indigenous potential" (COM 1988: 17) would create a "multiplier effect" able to create economic convergence across Europe. Even in the case the approach would prove not as effective, this "do not free the community from its duty to try" (Kyriazis 1988: 24).

The first step in the reform of the Structural Funds started outside the regional policy: the Single European Act, signed by the European Heads of states by February 1986, stated that "the

Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favored regions" (art. 130a). Part of this provision was already present in the Treaty of Rome. The concept of "economic and social cohesion," instead, was unprecedented. The first relevant document speaking of 'cohesion' in this acceptation was the Werner Report. After that, the objective of cohesion was mentioned again in the 1978 European Council in Copenhagen and in the 1983 "Solemn declaration on the European Union," also known as the "Stuttgart declaration." The Ten convened that "in order to resolve the serious economic problems facing the Member States, the Community must strengthen its cohesion" (COM 1983).

As discussed, compensation towards poorer member states was not the prevalent motive in the reform of the Structural Funds. Notwithstanding this, the budgetary politics played, once again, a significant role in the approval of the 1988 reform. Even when proposing a reform based on the "decentralized supply-side approach," a substantial increase in the financial allocations was still necessary. This increase was quantified in twice the 1987 budget for the Structural Funds. Important budget negotiations, however, started well before the structural Funds reform. As discussed, the "bloody British question" dominated the budgetary politics in the seventies. The Stuttgart Summit was where the Member States reached the first agreement on this thorny issue. According to Lindner (2005), the British problem was considered as the "key element" in the reform of the Community finances. Reforming the finances, in turn, was necessary to allow the Mediterranean enlargement. On a different level, however, the aforementioned Solemn Declaration linked the budgetary reform with the plan on re-launching integration and providing "a solid basis for the further dynamic development of the Community over the rest of the decade" (EC 1983a: 19, in Lindner 2006: 123). The key actors in the negotiations were West Germany, France, and the UK. To increase the budget, the consent of all the Member States was needed, under the provisions of the Treaty of Rome. A financial crisis due to Common Agricultural Policy was hastening the decision (Matthews 2013). This strengthened the position of the UK: unless the other Member States agreed to a reduction in its financial contribution, the UK would veto any possible budgetary reform. The Stuttgart Summit managed to put the British question in a larger framework, "linking the redistributive questions to a new integration project," considered beneficial for all the Member States, UK included (Lindner 2006: 124). A conclusion to the British question, however, was reached only during the Fontainebleau Summit, a year later. In the period between the two summits, the French President François Mitterrand threw gasoline on the fire by suggesting the possibility for the UK to cease to be a "full member" of the European Community and negotiate a special status (George 1990: 150). In Fontainebleau, however, the Member States agreed on a sixty-six percent reduction of UK's contributions to the budget. The agreement, in turn, opened the possibility for the expansion of the Community budget and the Structural Funds, since the UK lifted its veto (Lindner 2006: 124).

After the Council agreed in principle, the Commission presented the Delors-I package in 1987, which was approved during the European Council in Brussels in February 1988. The first innovation of the Delors-I package was the simultaneous reform of all the Structural Funds. The new reform mirrored the "integrated approach" adopted for the IMPs a few years before. All the Funds now shared the common legal framework based on four principles. First, the concentration principle, meaning well-specified objectives and a center of interest on the "absolute priority regions" (the so-called "objective 1" regions). Second, the partnership principle, which required closer cooperation between different tiers of government (European, national and subnational authorities). Third, the programming principle: the Member States were requested to submit operational programmes to the Commission for each field of activity. In addition to this, in selecting the programmes, the Commission would favor multi-annual programmes instead of ad hoc initiatives: this, according to Smyrl facilitated the completion of Community-funded projects, instead of financing "half-bridge here, half bridge there" (1998: 88). Finally, the additionality principle required that the structural Funds would not be used in place of national funds but as a complement to the existing national regional policies.

The 1988 structural Funds reform is widely acknowledged not only as a landmark reform in the history of cohesion policy but also as one of the most relevant events in the European integration as well. In the broader context of the European economic integration, the Member States which had to adapt their national policies to preserve or enhance their economic competitiveness were partially compensated and assisted thanks to cohesion policy (Streeck and Elsässer 2016).

Cohesion policy, however, served also a second, more ambitious aim. While some Member States had financial benefits from it, the programmes that cohesion policy financed were ‘rescaled’ to the regional level. Each Member State had regions that were receiving money: in this way, the compensatory motives of the budgetary politics were relegated to the background of a policy based on the encompassing idea of “solidarity.” Much in line with the Tindemans Report, cohesion policy was intended in such a way to create a stronger bond between the supranational institutions and the European public at large (EP 1987: 38, Ferrera 2005, Van Middelaar 2013).

4.2 The 1993 and 1999 reforms

The completion of the Single Market in 1993 concluded the first phase of EMU. A second, more ambitious phase was starting in January 1994. The objective of EMU, now, was to create convergence among the Member States. This milestone, in line with the debate that took place in the early seventies, was seen as a necessary condition for the monetary union, the third phase of the EMU, starting in 1999. Signed by the Heads of State and Government in 1992, the Maastricht Treaty introduced four criteria for measuring convergence. These criteria concerned public finances, exchange rates, control of inflation and long-term interest rates. The requirements regarding public finances were particularly stringent: the Eurozone Member States had to commit to “sound public finances” by keeping the deficit under the three percent of the gross domestic product. At the same time, they committed to reduce the public debt under the sixty percent of the gross domestic product. The budgetary discipline of the Maastricht Treaty was particularly hard on the so-called cohesion countries: Ireland, Spain, Portugal, and Greece. The Cecchini report, in 1988, was the first Commission Report to emphasize the compensatory motives of cohesion policy explicitly. Focusing on the macroeconomic returns of the Single Market for the Southern European Member States, the Report concluded: “the newer Member States could register above average gains, especially if account is also taken to double the Community’s structural funds” (Cecchini 1989: 5). In the case of the Maastricht criteria, the potential losses for the Southern European Member States and Ireland were even more pronounced. Accordingly, the compensatory motives were central in the 1993 reform. One of the most important features of the reform was, in fact, the creation of the Cohesion Fund. The mandate for its creation was already in the Maastricht Treaty, at the article 130. In line with the Single European Act, the new Treaty re-iterated the objective of establishing "economic and social cohesion and solidarity among the Member States." The Cohesion Fund was considered an expression of the "solidarity among the Member States." A 1992 Communication by the Commission spelled out the rationale for the Fund: "[Cohesion Fund] will be to these Member States what the structural policies are to the regions" (COM 1992: 17). Differently from the other Structural Funds, the Cohesion Fund was directly managed by the national authorities of the eligible Member States, in support of environmental and infrastructural policies. It is worth noticing that the compensatory motive, in the case of the Cohesion Fund, was more evident than it was for the other structural Funds. In fact, the Fund was allocated to a set of disadvantaged Member States identifiable by an average GDP below the ninety percent of the EU average. The Cohesion Fund's attached regulation also introduced the so-called "conditionality principle." The protocol attached to the Maastricht treaty already established a link between the Cohesion Fund and the fulfillment of the conditions of economic convergence. The conditionality principle contained both in the Commission draft and in the Council Regulation no. 1164/94 simply translated this concept into "a practical form of economic conditionality which takes account of the nature of the Fund." For what concerned the governance of the policy, the Commission had a role in ascertaining the implementation of the convergence programme from a technical standpoint. If a member state was found non-compliant with the convergence programme, the Council, acting by a qualified majority, would send the Commission a request for the suspension of the fund in that country.

For what concerns the other Structural Funds, the 1993 reform was less substantial. In the aforementioned 1992 Communication, the Commission used enthusiastic words to describe the 1988 reforms: "initial results suggest that the action it embarked on in 1988 has been highly successful." The aim of the reform, therefore, was to "to build and improve on the new structures created since 1988 rather than initiate another wide-ranging and fundamental reform" (COM 1992: 2); accordingly, only "minor adjustments and simplification" were proposed by the Commission. These adjustments regarded mainly the streamlining of the decision-making and the existing procedures, the simplification of the programming and the introduction of a systematic evaluation procedure.

During the reform, the key actors in the European Council were Spain and Germany. The most debated item was the Cohesion Fund and its financial endowment. West Germany had been a major financier of the Community budget since the Treaty of Rome: in the seventies, the Chancellor Helmut Schmidt openly jested about West Germany being the "paymaster of the Community," a notion that became popular in his home country (Anderson 1990). Compared to the "British problem," however, the "German problem" was almost non-existent before the nineties. This state of affairs changed abruptly after the fall of the Berlin Wall and the reunification with East Germany. During the Maastricht negotiation, Spain, allied with Portugal and Ireland, asked for the creation of the Cohesion Fund. According to Lindner (2006: 136), Germany agreed to the "Delors-II package" and the distributive demands made by Spain and the other Members because of the nature of the agreement, that was linked both to the Maastricht Treaty and to the approval of the German reunification (Wagner 2001). The German problem remained dormant for another year. In November 1993 the Bundesbank published a report on the financial relations between West Germany and the Community. The Report gained a vast echo among the public opinion in Germany. One financial figure was particularly telling: the financial contribution of Germany was more than doubled from 1987 to 1992, passing from 10,5 billion of D-mark to 22 billion; at the same time, however, Germany needed to make "very substantial transfers to Eastern Germany" because of the reunification (Bundesbank 1993: 62). The Report considered that "even if" net-contribution could not be considered the only yardstick in evaluating the costs and benefits of its membership, "Germany is by far the largest net contributor to the EC." This state of affairs, after the German reunification, constituted a problem. The first reason was that Germany, as an effect of the reunification, dropped back to the sixth place terms of purchasing power among the other Western economic powers. The second reason was that, after the fall of the USSR, Germany was also financially supporting the reform process in Eastern European countries. The Report concluded that it was important to "ensure that the financial restraint imposed on Member States under the Maastricht treaty is not undermined at

Community level by the growth of existing, or the creation of new, subsidiary budgets" (Bundesbank 1993: 75).

The 1999 reform of cohesion policy was affected to a certain extent by the German problem, even if the 1995 enlargement to Austria, Sweden, and Finland — entering the Union as net-contributors — reduced the burden on the other net-contributors. During the negotiations in the Berlin European Council in 1999, the total figure proposed by the Commission for the Structural Funds was reduced substantially by the Member States. Even more relevant was the fact that, both the 1993 and the 1999 reform, created a "re-nationalization" trend in the management of the Structural Funds, according to some scholars (Pollack 1995, Bache 1998). Others tend to diminish the importance of the reform (Bachtler and Mendez 2007, Sutcliffe 2000) or even underline how the Commission was empowered by it, especially in the implementation process (Marks and Hooghe 2001). The area designation system was the feature of the reform that was interpreted as part of the "re-nationalization" trend of cohesion policy. In the 1988 reform, the designation of the regions under different objectives was in the hand of the Commission. In both the 1993 and the 1996 reform, some of the Member States tried to steer back the area designation in the sphere of influence of the national authorities. When compared with the original draft by the Commission, the regulation approved by the Council contained a critical modification: while the Commission still designated the Objective 1 regions, the Member States gained more control over the designation of the Objective 2 areas (Sutcliffe 2000).

4.3 Cohesion policy after the Eastern European enlargement

The 1999 reform already foresaw the future Eastern European enlargement, even though there was no certainty about the definitive number of new states that would accede (Manzella and Mendez 2009). For some aspects, the Eastern enlargement was similar to the Mediterranean one in the eighties: in perspective, the number of new European citizens was almost the same than in 1986. The income gap between West and East Europe was larger; moreover, the new Member States were more numerous and the social and economic conditions were more heterogeneous. Most relevantly, those conditions would have immediate effects on the Cohesion policy, if the rules and the budget remained unchanged. For a start, many of the existing Objective 1 regions would have been "phased out" the convergence objective, as an effect of the relatively lower income of the Eastern Member States. During the negotiations of the Agenda 2000, this appeared to be a likely outcome, as a group of net-contributor States (the Netherlands, the UK, and Germany) initially refused to adjust their contribution to the changing circumstances. Opposed to them, net-recipients like Spain, Portugal, and Greece refused to accept lower contributions from the Structural Funds. This stalemate was solved only in March 1999, during the German presidency of the European Council. The compromise was found in a "muddling-through strategy that accepted the impossibility of fundamental policy changes and deep budget cuts" (Maurer 2000 quoted in Mendez et al. 2016: 119).

A second debate regarded the added value of cohesion policy. According to Mendez et al. (2016), this debate started in the late nineties in the Netherlands and Denmark, but at the beginning of the year 2000 also Sweden, the UK, and Germany shared similar positions. There were doubts about the fact that cohesion policy could be a valuable source of added value when compared to the existing regional and social policies in the wealthier Member States. This debate coincided with the redirecting of the structural Funds towards the so-called "competitiveness policies" of the Lisbon Strategy, launched in March 2000 to deal with the problem of the anemic European economic growth. At the time, two reports studied the issue. The first one was the Kok report (2004). While it did not deal directly with cohesion policy, this report paved the way for redirecting the funds toward the Lisbon objectives. By ascertaining the poor performance of the EU economy, the report pushed for a re-launch of the Lisbon Strategy in 2005. Under the so-called "Lisbon II" initiative, the "Community Lisbon Programme" was firstly introduced: EU-level policy instruments should be used to achieve the objectives of the Lisbon Strategy. Hence, the use of the structural funds in the 2007-2013 multi-annual financial framework was mainly focused on the creation of economic development by attracting investments promoting research and development and 'creating more and better jobs.' The compulsory earmarking reinforced the link between the use of structural funds and the so-called Lisbon II: at least the 75% of the Structural Funds was to be spent to pursue the Lisbon Strategy objectives. The second influential report was commissioned in 2003 by the President of the Commission Romano Prodi to the high-level study Group chaired by André Sapir, at the time economic advisor for the Commission. The report was particularly controversial. Differently from previous reports, the Group directly challenged the economic developmental theory that, since the late sixties, was at the core of the Community regional policy, the agglomeration theory. The main focus of the report was the economic growth of the European Union. Although the creation of the Single Market was intended to foster competition, boost productivity and promote economic growth, Europe was "stuck in a rut," with its performance deteriorating, especially when compared to the US. The reason was that "a massive change in the economic structures and institutions" was not occurring yet: "large firms with stable markets and long term employment patterns" no longer work in the present context dominated by strong external competition (Sapir 2004: 2). Cohesion policy played a part, by interfering with the tendency of some regions to become more specialized. The uneven development of the assisted regions was the evidence used by the Group to argue for a radical overhaul of the policy. On the one hand, some Member States, such as Ireland, have managed to create economic convergence. Some others, like Italy, failed. According to the report, sound public finance was the reason for the Irish success. The allocations of the Funds, however, contributed too: while Ireland used the funds to develop local human capital, attracting thus foreign investment, in Southern Italy local and regional authorities failed to use the funds to improve the social capital of the territory. The different outcome boiled down to the administrative capacity of local administration: in the first case, it facilitated specialization, while in the second case it prevented it, thus hindering the process of convergence (Sapir 2004: 61). The European Union was at fault too: "the European experience," the report goes, "suggests that some specific instruments chosen to preserve cohesion in the course of the process of market liberalization may have exerted to high a toll in terms of growth" (Sapir 2004: 72). The proposed solution was to redesign the policy, by making it "focused on growth." The existing governance was also a problem: the new convergence policy was to be managed by states and not by regions. The task for the policy was to build administrative capacity and to promote human capital investment and infrastructures. Concerning the regulation, the three principles of programming, co-financing (i.e., partnership) and additionality were considered "still sound." A fourth principle, that of conditionality, was to be added: in this case, an ex-ante conditionality, concerning the desired output level to be produced by the means of the Funds. Along with the convergence policy, the report proposed the creation of a restructuring policy. While the convergence policy was targeted to the Member States with a low purchasing power level, the restructuring policy applied everywhere in the Union. The aim of the policy was to support workers who lose their jobs and to facilitate the process of reallocation. The policy would distribute to all the beneficiaries a voucher worth six months of minimum income, to be used either for retraining or as a compensation for the relocation costs.

The following 2006 reform has been described by Manzella and Mendez (2009) as the "strategic turn" of the cohesion policy. Coherently with the trend started in 2005 with the Community Lisbon Programme, the regulation of the Funds focused on the Lisbon Strategy and its objectives. First, the reform introduced the common strategic guidelines (CSG), which identified the EU-wide strategic objectives for the cohesion policy. Member States had to submit to the Commission a National Strategic Reference Framework in line with the CSG. Operational programmes by the regions had to be defined within both the CSG and the NSRF. Finally, the reform introduced the earmarking instrument: the Member States had to concentrate their financial resources on Lisbon themes. The general trend was to embed the cohesion policy within the EU general strategy to promote growth and employment. Given the role of the EU Council in maneuvering the Lisbon strategy, the institution also had a stronger role in the governance of cohesion policy: for the first time, it was formally requested to evaluate the contribution of the policy to the strategic objectives of the EU for the period 2007-2013.

4.4 The sovereign debt crisis

The 25th of March 2007 was the fifteenth anniversary of the Treaty of Rome. The event was celebrated under the German EU Council's Presidency, in Berlin. The city, once split in two by the Cold War, lent itself to a suggestive parallel with the history of Europe and its "unification." The host of the event, the German Chancellor Angela Merkel recalled in her opening speech: "I grew up east of this city (…) only a few meters from here was the point where any walk I took would be at end." She considered the collapse of the wall a "defining moment": "I realized that nothing ever has to stay the way it is." The Treaty of Rome meant "a hope of peace and understanding" for a continent once "unnaturally divided." But "none of all this can be taken for granted (…) any cleavage will too have Europe out steep — sooner than some might think." In his speech, the President of the European Commission José Manuel Barroso was more optimistic: European unity "has been the triumph" of the "values of freedom and solidarity." Recalling the pragmatic words of Robert Schumann, "*Il nest plus question de vanes parole, mais d'un acte hardi, d'un acte constuctif*," Barroso articulated an ethos for the completion of the European project. "First, 'European Union' is not a 'foreign power' invading our countries; it is our common project (…) it is not 'them,' it is 'us.'" "Second, the political will to be open to be brave, not frightened." The final remark was enthusiastic: "*Europa gelingt gemeinsam*," Europe will succeed together.

The irony of the successive events was real and rather unfortunate. The financial crisis that started in the United States in 2007 hit Europe in 2008, pushing the continent into economic recession (Blyth 2013). At this point, the preoccupation for economic growth, already paramount in the early 2000s, became overwhelming. In this circumstances, the Commissioner for Regional Policy Danuta Hübner initiated in 2008 a debate on the future of cohesion policy. In December 2008, a staff working-paper, "Region 2020," set out the future challenges of cohesion policy: globalization, demographic change, climate change. The hasty reference to the "today's global economic and financial turbulence," half a line in the paper's introduction, betrays the unexpectedness of the mentioned event, among the foreseeable future challenges.

The circumstances of the financial crisis were given more attention in the study that closed the debate, the Barca Report, published in April 2009. The Report was authored by Fabrizio Barca, at the time Italian Minister of Economy and Finance and former president of the OECD Territorial Policies Committee. The departure point of the Report, however, was not the financial crisis, but a general problem in the development of the European Union. According to Barca, one of the unpleasant consequences of the process of market unification promoted by the European Union was the erosion of the national feeling of community. As a consequence, nationalism, considered a past legacy, came back as a worrying political trend. Accordingly, the EU needed either to correct this unwanted outcome or to take the blame for it. In other words, the EU needs to restore at the Community level the common bonds that were disappearing at the national level. As the report goes, the EU needs to make this process sustainable by recreating, in part, the ties of solidarity at the supranational level (Barca 2009: XII). Cohesion policy, as an expression of the EU solidarity, was meant to assist in the process. By tackling "regional backwardness," cohesion policy was solving the problem of the uneven distribution of wealth and life chances across Europe's territories. According to the Report, trade liberalization was contributing to territorial inequality because of agglomeration economies (Barca 2009: XI; see Barca *et al.* 2012 for a review of economic arguments). Cohesion policy, then, failed in market correcting because of implementation failures. Local elites, either trapped in path dependency traps or because of their explicit political will, often failed in creating the necessary legal framework to deliver the policy correctly. According to the Report, to create widespread wealth in Europe, the EU needs to adopt a two-pronged strategy. On the one hand, it needs to intervene with a development policy that gives to all the places the opportunity to make use of their potential. On the other hand, cohesion policy requires to provide all the people living in Europe the possibility to be part of the society, by fighting social exclusion. In this regard, the Report warns that EU Solidarity, however necessary, is not sufficient to justify cohesion policy. After all, solidarity can also be expressed through a fiscal equalization system that operates between Member States (Barca 2009: XIII). The Report argues that this is not what cohesion policy is about: however redistribution is necessary to a certain extent, the real priority is rather to trigger an institutional change in the less-developed regions. From this perspective, the renationalization argument loses its strength: if the aim is not redistribution, then national authorities are not necessarily better suited to distribute EU Funds to regions. The idea to limit intervention to the poor regions, as expounded in the Sapir Report, similarly misses the point, which is to give all the European citizens the equal opportunity to benefit from the Single Market and the economic integration. Convergence, for this very reason, is not even a good "proxy" for the impact of cohesion policy: both local development (efficiency) and social inclusion can be achieved despite a widening in the income gap between territories. In line with one of the arguments of the Thomson Report (COM 1973: 5, see also ILO 1956: 110), Barca dispels the misconception about mobility and its role in the place-based approach. Cohesion policy does not try at restricting movement across regions: it seeks, instead, to provide the worker with the substantial freedom of moving without being forced to do so by a dire material need.

In general, the compensatory motives of cohesion policy are a recurrent theme in the Report. Compensation, however, is considered too much a shaky ground to build on a sound developmental policy, even when it is not its primary aim. If the idea is "doing something social" or cohesion policy is just a cost to pay to have more market integration, then, why bother with policy design or be concerned about results? According to the Report, the compensatory motives of cohesion policy originate in the structure of the EU budget negotiation: insofar "it tends to decouple the discussion of financial balances from the discussion on the use of the funds," on the one hand, it deprives the Member States and the European Parliament of the possibility to debate policy goals; on the other hands, it justifies Member States' "attempts to limit the extent of Commission's discretion over funding" (Barca 2009: XVI). A "new political compromise" between the Commission, the Council, and the European Parliament, therefore, is needed to re-launch cohesion policy.

Although the Report proved to be very influential in the making of the 2013 reform (see McCann and Ortega-Argilés 2013), the ideas that coalesced into the "sectoral functionalist" argument proved to be resilient (Mendez 2014). In November 2009 the leaked draft of a Commission Communication "A Reform Agenda for a Global Europe" created concerns within the European Parliament and among regional and local associations for the proposals it advanced. Although the main subject was the multiannual financial framework 2014-2020, it revealed the intent to reorganize cohesion policy by focusing on the poorest member states instead of regions (Petzold 2013: 7). Seven Community level organizations representing local and regional authorities submitted a letter to the European Parliament, expressing concern for the "trend towards denationalization and reorganization of EU policies," which disregarded "the principle of territorial cohesion" while ignoring the "demonstrable potential of integrated approaches at territorial level" (CCRE 2010). Eventually, the Commission disavowed the leaked draft, by declaring it a "non-paper." However, the damage was already done: the proposal contained in the "non-paper" proved the existence of political division within the Commission, and the prevalence of "sectoral functionalist" orientations in some of its ranks (Mendez 2014). In October 2010, the Communication "Regional Policy contributing to smart growth in Europe 2020" confirmed the trend toward the sectoral reorganization, started back in 2005 with the "Community Lisbon

Programme." The arguments of both the "non-paper" and the Communication were in line with the Sapir Report's approach to cohesion policy, clearly disregarding the place-based approach promoted by the Barca report. In rejecting the leaked reform proposal, the aforementioned regional and local organizations made appeal to democracy, and to the need of "[reconciling] Europe's citizens with the European venture" — the link with the place-based approach was, once again, the "visibility of the EU's action throughout the European territory" (CCRE 2010).

4.5 Cohesion in the face of the adversity: austerity and/or solidarity

A new event occurred at the end of 2009, partially changing the type of debate surrounding the cohesion policy reform. As we have seen, the financial crisis was the unseen presence of the discussion on the 2013 reform. In December 2009, the downgrade of Greece's credit ratings by the "Big Three" credit rating agencies started a climactic sequence that eventually led to the emergence of the sovereign debt crisis in the Eurozone (Blyth 2013). The crisis directly involved a group of countries commonly referred to as "PIIGS," consisting in a group of "cohesion" countries (Portugal, Ireland, Greece, and Spain) plus Italy. While, in 2009, they were all phasing out from the Cohesion Fund assistance, a large part of their regions was still assisted under the concentration principle of cohesion policy. Moreover, they were all net-recipients under cohesion policy, except for Italy. Because of this, the Commission was doubly involved. As the institution managing cohesion policy, it was supposed to provide financial assistance to this group of countries, which were in the grips of austerity after they negotiated rescue programmes with supranational authorities and financial institutions. On the other hand, the Commission was also part of the tripartite committee that organized the rescue programmes. Given the fact that the crisis was a menace to the stability of EMU, the Commission had to impersonate the role of "Guardian of the Treaties." In this capacity, it had to oversee the fiscal monitoring agreed under the Stability and Growth Pact, negotiated in 1997 and contested during the sovereign debt crisis. The Commission circulated in May 2010 the Communication "reinforcing economic governance." For what concerned cohesion policy, the document rejuvenated the idea that such policy was necessary for reinforcing the structural stability of EMU (see Werner 1970). "The recent financial crisis and pressure on the financial stability in Europe have underlined more clearly than ever the interdependence of the EU's economies" (COM 2010: 2). Under these conditions, the Member States and European institutions were called to do what was necessary to grant stability. With the enhanced conditionality, "Member States could be asked to redirect funds to improve the quality of public finances, once the existence of an excessive deficit is established." The policy answer involved the use of existing macroeconomic conditionality, such as the one introduced back in the 1993 reform: "recurrent breaches of the Pact to be subjected to more speedy treatment and more rigorous use of the Cohesion Fund Regulation" (COM 2010: 5). This type of measure, however, was considered to be not enough. A month later, in June 2010, the European Central Bank published a note titled "Reinforcing economic governance in the Euro area." The note acknowledged the initiative by the Commission, which "[contained] many useful and innovative elements." The ECB, however, favored a "more ambitious approach," based on a "genuine sense of co-responsibility" of the Euro partners. The ECB proposal aimed "to identify what is needed," "without being constrained by questions of legal feasibility under the current Treaty framework." The note, under the "the crisis management framework" section, proposed a new array of sanctions: starting from "enforced regular auditing by the Commission," the sequence continued with the "suspension of transfers from EU Cohesion and Structural Funds," the "suspension of voting rights in the Council" to end up with the "establishment of an Enforcement Officer appointed by the Eurogroup with loss of fiscal sovereignty" (ECB 2010: 13). The ECB proposal was far-reaching, but the idea of extending the Cohesion Fund macroeconomic conditionality to the other Structural Funds was taken seriously by the Commission (Verhelst 2011). The reform of the Common Provision Regulations started in October 2011 with a draft sent to the European Parliament and the Council. The draft articulated a stick-and-carrot approach (Bemelmans-Videc *et al.* 1998) creating a strict relation between the Structural Funds and the financial performance of the Member States. In particular, the proposed article 21 would give the Commission the possibility to "request a Member State to review and propose amendments to its Partnership Contract" to support Council recommendations. In case of non-compliance, "the Commission shall suspend, by means of implementing acts, part or all of the payments and commitments for the programmes concerned." Under Article 22, Member states with temporary budgetary difficulties could ask for an increase in payments, up to "10 percentage points above the co-financing rate." The Member States, the regional and local authorities and other stakeholders scrutinized the draft. The macroeconomic conditionalities contained in the article 21 were opposed by the regional and local authorities, which argued that they could not possibly influence their state's fiscal performance; plus, they highlighted how these measures could be "potentially counterproductive" since they could penalize regions in less performing Member States — even when those regions were able to manage the EU Funds successfully. There was less a consensus among the Member States: three of them favored the proposal, seven accepted the general idea but asked amendments, while eleven Members opposed "vital elements of the proposal" (COM 2011a: 8).

Concomitantly to the discussion on the Common Provision Regulation, the Commission proposed the Multiannual Financial Framework (MFF) for the period 2014-2020. The figure recommended for the new period was a total of EUR 1'025 billion (Petzold 2013). The Commission insisted on the necessity of a substantial budget. Since the beginning of the negotiations, cohesion policy was presented as the "investment arm of the EU." Janusz Lewandowski, responsible for the Commission's financial programming, described the current mission of cohesion policy as a way to complement austerity programmes: "Member States that are most affected by the crisis need to do serious structural reforms (…) but they also need to complement this with targeted growth-enhancing public investments." The opportunity was double. On the one hand, Member States can not do these public investments by themselves, "given the precarious state of their public finances." On the other hand, however, "investments on EU level, in particular if coupled with the newly proposed macroeconomic conditionalities, can be an important way to bring these countries back on a growth track" (Lewandowski 2012). The Commissioner for Regional Policy Johannes Hahn proposed a similar argument in a speech made in front of the French *Assembleé Nationale*: cohesion policy was "the most significant resource (…) at EU level to boost failing economies and keep successful ones competitive." Flexibility in the investments is key: "cohesion policy can also be a valuable instrument to tackle unforeseen problems when arise." Hahn explained what use the Commission intended to make of the first few commas of Art. 21: "[we] helped Italian colleagues draw up an Action Plan which proposes concrete ways to reduce the current fragmentation (…) and boost results," specifying that this “steering mechanism” is not “a nationalization of regional programmes,” as the investments are “all invested back in those regions.” A similar reprogramming, he declared, was for the Portuguese economy “a real shot in the arm” (Hahn 2012).

Notwithstanding the opportunities the “EU’s investment policy” provided, in November 2012 an agreement on the new MFF was yet to be reached. President Barroso addressed the problem in front of the Council: “we had the most difficult and complex MFF negotiations ever.” The Council constrained the budget: “the final outcome (…) will most likely be an MFF smaller than its predecessor.” “Precisely now when the European Union needs investment,” “some governments are less open to the idea of an investment for growth.” The argument proposed by the Commission was that, for the Mediterranean countries to accept the austerity, the EU needed to invest and support the economic growth in the Community. Similar compromises already occurred in the past; this time, however, the situation was more difficult. Barroso wondered “how positions can be reconciled.”

The political positions Barroso referred to were groupings of Member States within the Council. On the one side, there were the “Friends of Better Spending”: Germany, Finland, Denmark, Austria, the Netherlands, and the UK. According to Laffan and Lindner (2014: 236), they were committed to limit the EU expenditures. The presence of the UK in this group was particularly important: on the one hand, British Prime Minister David Cameron wanted to maintain the British rebate; on the other hand, his announcement of a possible referendum on the exit of the UK from the EU, added a special weight to his words. Germany and its Chancellor Angela Merkel were committed to limit the budget expenditures and keep the UK in the EU. Scraping the British rebate was, therefore, out of the table. The German minister Michael Link, one of the key actors in the negotiation, circulated a non-paper during the European Council held in Cyprus in August 2012. The non-paper started by arguing that the Member States in financial trouble should be conferred upon no special status (i.e., Art. 22). Second, in line the Commission’s draft, in case of excessive deficit “all funds from the Common strategic framework must be taken into account when it comes to sanctioning member states which have failed to comply with the guidelines set forth for the surveying of fiscal and economic policies,” “in particular those cases in which a member state is subject to a macroeconomic Excessive Imbalance Procedure.” Third, loans, instead of grants, should be used “in suitable areas and with a precisely calculated risk for the EU budget.” Finally, the European Anti-fraud Office, OLAF, should receive more powers in investigating frauds, including ex-ante assessments. The document was titled “more growth through better spending,” but some other Member States immediately rechristened it “blood sweat and tears” (EURACTIV 2012).

On the other side, there were the “Friends of Cohesion.” Central, Eastern European Member States, along with the former cohesion countries from Southern Europe (Spain, Portugal, and Greece) grouped to secure an adequate EU budget. Their Prime Ministers and Representatives gathered twice in 2012 and signed two distinct joint declarations. In the Bucharest joint declaration, in June 2012, they supported the Commission’s vision of the cohesion policy being the “investment arm” of the EU. They argued, using a familiar lexicon, that cohesion policy was important for “reducing bottlenecks” and helping “to uncap the potential of the single market.” As for stability, cohesion policy assisted in “striking the balance between economic growth and fiscal stability”: “therefore a fair financing must be preserved.” The declaration in Bratislava, in October 2012, opposed the German non-paper by stating that “the current level of co-financing rates should be maintained or even increased in case a Member State is facing severe economic difficulties.”

A month before the final agreement, a third coalition emerged. The group went unnamed, although its members were Mediterranean states (Italy, Greece, Portugal and Spain) with the addition of France. According to Laffan and Lindner (2014: 237), this coalition asked for a larger budget than the one proposed by the Friends of Better Spending, along with the guarantee that Mediterranean states would continue to benefit from the Structural Funds. The agreement on the MFF was reached in February 2013. Although the Member States agreed on a reduced budget plan, from 1033 to 960 billion euros (Petzold 2014), the figure was not substantially lower than in the previous MFFs. According to Verhelst (2012), macroeconomic conditionality played a significant role in facilitating the final compromise (cf. Stenbæk and Jensen 2016).

The European Parliament and the European Council approved the final Common Provisions Regulation in December 2013. Notwithstanding the controversies, the legislative text left the provisions in the original draft mostly unchanged. The conditionality principle now extended to all the Structural Funds. The so-called macroeconomic conditionality created a direct link between funds and a “sound economic governance” (Art. 23, (1) Council Regulation No. 1303/2013). According to the new regulation, the Commission had the faculty to ask a member state the reprogramming of funds’ expenditure whereas it could assist in implementing the Country Specific Recommendations (CSRs) adopted by the European Council (under the art. 121 (2) TFEU and art. 148 (4) TFEU), implementing CSRs aimed at correcting financial imbalances (under the art. 7 and 8 of the Council Regulation No. 1176/2011) or maximizing the effect of the funds on the Member State’s competitiveness and growth. The second innovation introduced was meant to create a new system of inducements based on the Structural Funds. A Member State that incurred in the macroeconomic imbalance procedure or financially assisted through the EFSM, the ESM, and the EFSF, would be able to require up to a 10% increase of the payments, by the reformed partnership principle. Finally, the new regulation introduced an ex-ante negative conditionality. To access the Funds, the Commission could require the Member States to implement adequate measures to create the pre-conditions to implement cohesion policy effectively. The strong emphasis on conditionality, according to Nicoli (2015), reveals something about the idea of community that underlies cohesion policy. The ECB President Mario Draghi declared that “in other political unions, cohesion is maintained through a strong common identity, but often also through permanent fiscal transfers between richer and poorer regions.” Such permanent transfers are not present in the Eurozone. The transfers, then, need to be renegotiated periodically and, most of all, to be conditional: “active, corrective behaviour will be required on the side of the recipients.” At the same time, conditionality is a departure from national and international solidarity approaches, creating what Nicoli defines “federative solidarity.” This approach, according to Nicoli, could reinforce the sense of common belonging over time, by overcoming the “typical limitations of national-organic solidarity, such as moral hazard” (Nicoli 2015: 44). In this sense, the conditionality could be seen as a “progress.” It is difficult, however, not to puzzle about the way in which the strict conditionality belittles the idea of community, by looking back at the ideational development of cohesion policy. Such a development, according to Nicoli, is the result of the emergence of the “myth of the beggar”: “The idea that the core countries should not provide financial assistance to peripheral countries because, if this were to happen, market pressure would disappear and peripheral countries would have little incentive to implement reforms."

5. Summary

Although cohesion policy was created only in 1988, it is a policy that was discussed since a long time before: in this chapter, we have studied it from a longitudinal perspective in order to grasp how the debate surrounding the policy have changed throughout the years and to provide useful element on its institutional development. We had traced the first explicit debate on regional policy back to the Treaty of Rome when the issue of the EU territorial diversity was initially raised. The argument for the creation of cohesion policy was already present in its basic form: while the economic integration of Europe will bring wealth to the countries involved, the effects of trade liberalization will spread unevenly across the European territories. This argument was further developed during the early seventies, with the debate on EMU. Given the increased interdependence between European economies that EMU would entail, a "structural and regional policy" was deemed necessary to approximate an optimum currency area better. The same argument, used in concomitance with the creation of the Single Market and EMU, justified the creation of cohesion policy. During the nineties, cohesion policy was further expanded with the creation of the Cohesion Fund to assist less developed Member States to converge with the financially stable Northern European Member States: the macroeconomic conditionality attached to the Cohesion Fund reinforced the link between EMU and cohesion policy. This relation was further strengthened during the sovereign debt crisis in 2010 when the debate on conditionality became of paramount importance. The relationship between the integration of the European economic sphere and the institutional development of cohesion policy is not only a recurring theme during the 1957-2013 period, but they also seem to be linked. How the existing literature on cohesion policy explain the relation between the two?

Chapter II – Literature review

In the previous chapter, we have discussed the evolution of cohesion policy from a long-term perspective; we have noticed how, during the 1957-2013 period, the institutional development of cohesion policy was often linked to the integration of the European economic sphere. We have also discussed how complicated is to disentangle the distributive motives ("who gets what") from the allocative motives ("to what purpose?") when explaining crucial decisions. In this chapter, we will discuss how the existing literature on cohesion policy has looked at the same events and debates described in the first chapter, and how it has explained it.

The literature on cohesion policy is all but a monolith. Cohesion policy is a complex policy, and as such it has been studied. In the next paragraphs, we will review the three main approaches to the study of cohesion policy: the liberal-intergovernmentalist theory, the multi-level governance approach, and the development studies literature. We will then look at how cohesion policy has been put in relation to EU solidarity and what are the theories that draw a causal link between cohesion policy and EMU. Finally, we will look at how ideational studies has looked at cohesion policy, and how this literature can contribute to a better understanding of its institutional development.

1. The debate on cohesion policy and Structural Funds: the main approaches

Let us consider the difference between cohesion policy and the Structural Funds. For a start, we can say that Structural Funds are the main instrument used in cohesion policy, consisting in its financial endowment. Structural funding started in 1957 with the European Social Fund (ESF), and it grew to incorporate the European Regional Development Fund (ERDF) in 1974 and the Cohesion Fund (CF) in 1994. Funds have grown not only by their numbers, but also in their substance. Budget growth has been steady, although not always linear, from 400 million euros of the ESF in 1958-1971 to 351.8 billion euros of the structural funds in 2014-2020 (Table 1). Therefore, it is almost a truism to say that when we consider the cohesion policy as a distributive policy, we cannot leave out its budget. Nonetheless, structural Funds are not sufficient to grasp the nature and the objectives of cohesion policy, which is a complex system of regulation that cannot be reduced to its financial endowments.

	1976-1979	1980-1983	1984-1987	1988-1993	1994-1999	2000-2006	2007-2013
ERDF	1417.8	3754.3	7992.6	35772.8	67009.1	104094.3	164859.2
CF	0	0	0	730.5	10975.2	16883.7	58337.1
ESF	1443.3	3277.5	8055.9	22331.5	39150.8	55450.2	69585.3
Total	2861.1	7031.8	16048.5	58834.9	117135.1	176428.3	292781.6

Table 1. Structural funds, breakdown by programming period, million ECU 1979-1998, million EUR 1999-2013, (European Court of Auditors data).

Cohesion policy does not only determine "who gets what," i.e., the distribution of funds based on the concentration principle, but also where to allocate the funds, as in its compulsory earmarking, who should decide on how using the funds, as in the partnership principle, and how the funds should be used, as in its programming principles. An umbrella-regulation that draws together all the structural funds, the Common Provision Regulation (CPR), reunites the rules that are common to all the Structural Funds. This framework, firstly established in 1988, has since then been reformed, more or less substantially, at the end of each programming period: 1993, 1999, 2006 and 2013.

Longitudinal sources of variation in cohesion policy, then, regard both its distributive and its allocative component. However not perfectly coincident, this outlook is consistent with the substantive research agenda of both the Multi-level governance approach (MLG) and the Liberal Intergovernmentalist theory (LI), which, increasingly since the nineties, have dominated the debate on cohesion policy. On the one hand, MLG research has favored an approach mainly able to explain two aspects. First, the direct involvement of sub-national actors in the European policy-making along with other national and supranational actors and institutions. This innovation, introduced firstly with the Integrated Mediterranean Programmes and later incorporated in the landmark 1988 structural funds reform, has been since one of the most distinguishing features of cohesion policy. Second, the emergent and increasing relevance of the European Commission in supranational agenda setting and its substantial role in shaping the content of European policies, such as cohesion policy. The entrepreneurship of the Commission has been called into play to discuss why the already mentioned 1988 reform was not explainable by the existing, at the time prevalent, intergovernmentalist and neo-functionalist theories. Both theories tended to downplay the role of "flesh-and-blood actors" in explaining the functioning of the European Union: MLG brought the agency back into the equation (Piattoni 2009: 165). LI, on the other hand, considers the Member States to be the rational actors that dominate the European Integration process. Decisions ensue from a complex, sometimes multi-dimensional, decision-making process at the supranational level. Supra-national actors do matters insofar they can exploit information asymmetries to influence substantive bargaining content (Moravcsik 2013). At the same time, and consistently with rational institutionalism's assumptions, supranational institutions serve as an instrument to shield these agreements against the "shadow of the future" (Moravcsik and Schimmelfennig 2009). When applied to cohesion policy, LI put forward the "side-payment" thesis: the idea that the late-Eighties steady increase in the structural funds' budget served to gain the support of the Mediterranean Member States on the Single Market first and the Maastricht project later. Both MLG and LI, then, have a substantive research agenda on cohesion policy. Cohesion policy, however, occupies two different positions in the way the two schools conceptualize the European integration process: while it is a system of governance, and it is final, in the MLG approach, it is an instrument of bargaining for the LI theory. Accordingly, MLG and LI scholars have conceptualized cohesion policy in different ways.

1.1 Multi-level governance and cohesion policy

The MLG approach has researched the cohesion policy mainly from an allocative perspective. What matter the most are the regulations that define the cohesion policy's governance, the attribution of power to different tiers of government and the complex web of relations that holds this system together. Given this, thick descriptions based on qualitative observations have generally been the primary way in which MLG scholars conceptualize cohesion policy. Starting with Marks' seminal works (1992, 1996) cohesion policy has been used to explain the emerging system of governance where states, supranational and subnational arenas share, rather than monopolize, control over EU regional policy. Cohesion policy is studied through the lenses of the partnership principle, introduced with the 1988 reform: by institutionalizing "direct contact between the Commission and non-central government actors," the Commission is able to open-up the implementation process and challenge the primacy of the state in the policy-making. Hooghe and Keating (1994) further expand, this time focusing on the role of regions in the decision-making, and their ability to foster "indigenous development," which, was one of the ideas that inspired the 1988 cohesion policy. The conceptualization of cohesion policy is further expanded when considering how two other 1988 principles have changed the institutional milieu within the EU. On the one hand, the programming principle allowed the Commission to play a more assertive role. The Commission became capable of developing a more coherent regional policy by utilizing Funds based on programmes rather than on individual projects. On the other hand, the concentration principle defined the eligibility criteria in a way that made cost and benefits "more predictable for beneficiaries": a steady flow of funds to poorer regions made programmes more stable and EU solidarity more reliable. Leonardi (2005) considers programming to be the approach that allowed cohesion policy to give priority to productivity gains in the recipient regions, de facto obliterating the previous logic of intervention, mainly distributive (see also Begg 2016: 56). Leonardi (2005) also analyses the role of eligibility criteria, which allow him to characterize cohesion policy as a policy-mix affecting different spheres of activities within the EU. The vast majority of the policy intervention – i.e., objective 1 in the 1988 regulation – is described as an economic policy to foster GDP convergence among peripheral and central territories. The second significant portion of the policy – i.e., objective 2 – can be considered as a social policy that is geared towards increasing levels of employment in industrial decline areas. As a whole, the policy serves a political purpose: to create mutual solidarity and a united political future among member states.

In recent years, the scholarly literature has focused on the introduction of the compulsory earmarking to buttress the Lisbon Strategy after the 2005 midterm review. Bachtler and Mendez (2007) and Mendez and Manzella (2009) and Mendez (2013) explicitly addressed the way in which cohesion policy changed over the successive 1993, 1999 and 2006 reform. The most prominent features of cohesion policy are considered to be the concentration and the programming principles. Over the years, the first principle has not changed significantly: the 1993 and the 1999 reforms have been characterized as a tug of war between some of the Member States and the Commission over the eligibility criteria, but neither of them prevailed (Sutcliffe 2000). The programming principle, on the contrary, has changed to a greater extent. The authors define the 2005 reform as a "strategic turn," which is explained by the attempt, by the Member States within the European Council, to reassert their control over development policies. All in all, the resulting policy is one in which both individual Member States and regions must comply with stronger obligations, having the supranational level stronger leverage on the funds' allocation. Later studies have focused on the growing obligations that are attached to cohesion policy. Mendez (2013) describes the latest reform as increasingly conditional: the emphasis is put on the linkage between cohesion policy and the Europe 2020 strategy substantive contents, via the concentration of expenditure on Europe 2020 "thematic objectives." The second source of conditionality stems from the connection with Europe 2020 economic governance, the "European Semester." The link with Council recommendations and National Reform Programmes, indirect during the 2007-2013 period, is made explicit and direct in both the programming and the implementation phases. Mendez suggests that, via these provisions, "cohesion policy is being used to enforce EU objectives on structural reform and fiscal stability." We will see in section 2.2 which factors have influenced these later developments.

1.2 Liberal intergovernmentalism and cohesion policy

In the LI theory, cohesion policy has a different relevance than in the MLG approach. Since the seminal work of Moravcsik (1991:43, 1993), the decision to double Structural Funds' budget in 1988 was considered as a side-payment to convince reluctant Mediterranean States to support the

Single European Act and the Single Market. The LI literature has followed Moravcsik's footsteps, trying to specify this thesis in the face of possible objections. Accordingly, LI has researched structural funds mainly as a distributive policy. Lange (1993) firstly adapted the "side-payment" argument to the Economic and Monetary Union in the Maastricht Treaty. Rather than providing real financial compensation to prospective losers in the market integration process, Structural Funds were used to pursue short-run political objectives in the peripheral Member States, e.g., to foster chances of re-election for the incumbent party in the face of unpopular European policies. In Lange's analysis, cohesion policy was stripped of its governance features and observed through the lenses of budgetary politics. This conclusion was supported by the empirical study of Carrubba (1997), who studied the side-payment hypothesis at an even more aggregated level, by considering the amount of both structural and agricultural funds as explained by the level of political contentiousness in upcoming national elections.

The challenge that MLG posed to the idea that central governments remained the exclusive "gate-keepers" of domestic policy-making in the face of EU pressures led the LI debate in a new direction. Pollack (1995, 1998, 2003) directly addressed Marks' argument about the Member States being "outflanked" by the Commission's entrepreneurship in the 1988 landmark reform. By analyzing the 1993 reform, he stated that the Member States were fighting back, by taking back their competences over regional policy. Eligibility criteria were reformed in a way to grant more control to national governments in defining which areas would be eligible under objective 2. This, according to Pollack, proved that an ongoing "renationalization" of the cohesion policy was occurring, insofar it was the state, and not the EU, which was defining a core aspect of regional policy. The 1993 reform, in Pollack terms, allowed an extension of Objective 1 and Objective 2 eligibility criteria. This extension, made after some of the Member States requested it, allowed central governments to "upload" their substantive preferences on Structural Funds' distribution and to gain stronger clout on their domestic regional policy. Bache (1998, 2010) extended the argument to the 1999 reform, by focusing both on the modifications by the Member States of the Commission's initial proposal, their role on the ultimate decision in Objective 1 and Objective 2 eligibility, and in the selection of subnational partners in the implementation process. In recent LI works, both the "gatekeeper" and the "side-payment" argument are integrated, such as in the study Bouvet and Dall'Erba (2010; see also Bodenstein and Kemmerling 2012, Kemmerling and Bodenstein 2006). Distribution of funds is considered a way in which the national government tries to gain electoral consents in eurosceptic constituencies, rather than a function of the financial need of poorer regions. As in previous LI studies, the authors conceptualize cohesion policy as a distributive policy. The empirical data used concerns eligibility criteria. What put this study on the cutting edge of this scholarship is the explicit focus on wealthier regions under objective 3, 4, and 5 funding. The determinants in the distribution of objective 3 and 4 funds, devoted to social cohesion, is the ideological orientation of the governing party: left-wing governments tend to obtain more funding. Euroscepticism, instead, is the single political factor affecting objective 5 distribution, concerning agricultural areas.

1.3 Development studies and cohesion policy

A third different conceptualization of cohesion policy is the one that is present in the literature on development studies. From this perspective, cohesion policy is primarily considered as a causal factor in explaining economic convergence across regions and member states. The peculiarity of this literature is the way in which cohesion policy is conceptualized. The question on whether if cohesion policy is conducive to economic convergence, apparently simple, turns out to be extremely sketchy when scholars in development studies try to model the features of cohesion policy that are conducive to convergence. Pereira (1997, see also Bradley 2006) investigates the effects of the first multi-annual financial framework (1988-1993) on Portugal, Greece, and Ireland. Cohesion policy is conceived as an infrastructural policy in Portugal and Greece, and as an investment in capital formation in Ireland. The Structural Funds' dimension that interests Pereira, then, is that of an investment policy, in the various axes of human, private and public capital formation. This conceptualization is consistent with the development model implicit in the 1988 cohesion policy, that of a policy able to foster "native" development – largely modeled after Myrdal's agglomeration theory (Myrdal 1957, Behrens and Smyrl 1999). Philippe Martin (1998) similarly conceptualizes as an investment policy. However, the features that are conducive to convergence, both national and inter-regional, are field-specific: the expenditures on infrastructures in communication, transports, education, and energy can result in different outcomes. In this case, the interest on specific public investiture is in line with the new economic geography: inter-regional infrastructures may as well accelerate existing agglomeration processes within countries (Krugman 1992 but cf. Ron Martin 1999). Then, contrary to what expected, the convergence produced by cohesion policy may be among the Member States rather than among regions. Boldrin and Canova (2001, see also Canova and Marcet 1995, Canova and Boldrin 2000) produced an even more radical critique, explicitly denying the existence of any economic convergence. Canova and Boldrin considered only ERDF recipients in their analysis, without modeling the effective amount of funds received. The only convergence found in their research is the one concerning average labor productivity among ERDF recipients (Canova and Boldrin 2000: 32). Cappellen *et al.* (2003, see also Cappellen *et al.* 2000, Fagerberg and Verspagen 1996) reach a different conclusion: after the 1988 reform, an upward increase of "equality in productivity and income in Europe" occurred. To demonstrate cohesion policy's causal relation with this outcome, they modeled both European contributions to laggard regions, i.e., objective 1, objective 2 and objective 5b (rural areas), together with private and public matching funds, a necessary condition to receive European funds under the partnership principle. Beugelsdijk and Eijffinger study (2005) also positively evaluated cohesion policy. In their research, they conceptualize cohesion policy as a part of national GDP; as such, rather than directly testing the assumption of the agglomeration theory, they try and test whether the aggregate effect of funds at the national level, as public spending, can produce economic convergence; in other words, they conceptualize cohesion policy as a Keynesian policy.

2. Ideational approaches to cohesion policy

2.1 Cohesion policy and European solidarity

The way in which MLG, LI and development studies conceive cohesion policy leaves out aspects of the policy that are considered relevant. While MLG is more interested in the allocative motives of cohesion policy, and LI focuses on the distributive motives, this still leaves room for a third conceptualization that considers the two aspects together. This type of conceptualization is reasonably common in the literature considering cohesion policy as an expression of EU solidarity.

There are good reasons to look at cohesion policy from such a perspective. For a start, this is the way in which the official documents define it: “Cohesion Policy underpins European Solidarity” (Commission 2014). According to Laffan (2016), this notion is justified by the pattern that ultimately has led to the establishment of cohesion policy. Since the European Coal and Steel Community in 1951, the Member States have addressed the issue of economic divergence across territories. This was seen, since the beginning, as a source of political, economic and social instability; hence the necessity to address it. As we have seen in the first chapter, a “*solidarité de fait*” was invoked by Schumann as a way to bind European nations together, in a genuine economic and political union. Accordingly, in 1957, the idea of “solidarity” was enshrined in the preamble of the Treaty of Rome, along with the objective of economic convergence among regions. There is a direct link from this first impulse to the establishment of cohesion policy in 1988 since an “incremental but cumulative” effort by the European decision-maker led to this output (Laffan 2016: 20). Second, the relation between cohesion policy and solidarity is a transversal theme that is recurrent in the literature, even if less studied than the concepts adopted by MLG and LI theories. In the MLG literature, Marks (1992) considered, among the ideational factors explaining the 1988 reform, that “changing conceptions of fairness” contributed to budgetary increase”: as such, 1988 cohesion policy embodied “a more egalitarian … distribution of the economic pie as a whole” (Marks 1992: 205, Bachtler and Mendez 2012). On the same line of reasoning, Leonardi (2005) lays out a more specific argument: a defining feature of the 1988 cohesion policy was the concept of “social and economic cohesion,” which, in turn, was carved out of the principle of mutual solidarity among the Member States. In practical terms, the guiding principle that epitomized this conception the most was that of concentration. Bailey and De Propriis (2001) criticize the 1988 reform in being unable to create genuine solidarity in the form of economic and social cohesion, starting from the concept of fairness. Bridging supranational institutionalism and normative studies, they characterize cohesion policy as an adjustment mechanism for those regions that, due to initial disparities, are unable to benefit from the Single Market. The concentration principle in conjunction with the partnership principle make the policy both “distributive and allocative”: while redistributing resources to poor regions, cohesion policy actually involves them in the policy-making process, triggering in this way a process of economic development: this, in turn, would allow to “bring equity into the system” (ibid.: 419). What went missing, according to the authors, was the actual capacity by the regions to perform this task. Regional capacity, the argument goes, varied considerably across Europe: the weakest areas were unable to take advantage of cohesion policy. Fairness, then, is conceived both as the presence of sufficient resources in conjunction with the actual capability to use them.

The concept of EU Solidarity has particular relevance in the state-building debate. Ferrera (2005), elaborating on Rokkan and Hirschmann, describes a “clash syndrome” between nation based welfare states and the process of market integration at the EU level, the two having conflicting inner-logic of functioning. The former is considered to be the culmination of a long-term process, consisting in the locking-in of resources and actors within the bounded space of the nation-state. Within this closed space a community of social solidarity, based on expectations of reciprocity, was established in the 19th century. Market integration at the supranational level, conversely, operates on a logic of opening: the guiding principles of this process – i.e., free movement, free competition, and non-discrimination – have challenged the closure conditions that made possible social solidarity at the national level. What happened next was a “clash syndrome” between the inner-logics of the two processes, which ended up straining both the nation-based welfare states and the process of European integration increasingly since the late 1980s. The suggested way-out consists in nesting national solidarity spaces within a supranational one; thus, to strengthen the bonds of solidarity at the EU level (Ferrera 2009). Cohesion policy, as we mentioned, is considered one of the concrete expressions of EU solidarity. Hooghe (1998: 460), following observation by Claus Offe, considers cohesion policy to be “the least bad solution in an opportunity structure inhospitable to European social policy.” A similar conceptualization is put forward by Molle (2007: 109), who considers the cohesion policy to be a “regional socio-economic policy.” In this perspective, cohesion policy’s function is to create stability in the process of European Integration, by strengthening loyalties toward the supranational political order. Eiselt (2008) and Van Middelaar (2013) consider cohesion policy to be part of a “roman strategy” driven by an “output oriented legitimacy demand.” According to this theory, cohesion policy has the potential to empower territories, making them able to cope with the increased market competition. In turn, local governments and individual citizens grant their political loyalty to the new emerging supra-national polity. In this case, also, the allocative and distributive motives are inextricable. The concept of EU solidarity, then, is not entirely estranged from the ideas we have considered in MLG and LI literature: on the contrary, we can say that the concept of EU solidarity encompasses and integrates together concepts and theories from both the literatures. We cannot conceive solidarity without considering the distribution of resources among member states and regions. Differently from LI, however, this distribution is not just a mere instrument to advance other political ends, such as market integration. As in MLG literature, allocative aspects are indeed relevant. As observed by Bailey and De Propris it is not just a matter of re-distributing wealth or to compensate prospective losers in the integration process, but to use it to empower actors within the changing European economic and political geography.

2.2 Cohesion policy and the EU macroeconomic policy

As cohesion policy is related to the concept of EU solidarity, so it is associated with EMU and its development. As we have seen in the first chapter, regional funding and regional policy as a broader concept predated EMU: the necessity to create Community's regional policy well anticipated the EMU project. EMU, however, acted as a powerful stimulus to create Structural Funds first, and cohesion policy later. This relation is central in the studies of Begg (2003, 2016), who explores how the argument of the optimal currency area influenced the creation of cohesion policy. The optimum currency area (OCA) was a theory that informed the first discussions about EMU and the structural policy in the early seventies. The OCA argument, simply put, is that cohesive structural conditions among national economies are needed to have a stable common currency (Mundell 1961). Since Europe was far from the ideal conditions expounded by the OCA theory, along with stability-oriented macro-fiscal policies at national level, the first report on EMU promoted the creation of structural funds as "*politique d'accompaignement*" or structural policy. Begg (2003: 162) find the same argument being present both in the 1987 Padoa-Schioppa Report and in the 1989 Delors Report on EMU: "there has to be some compensatory mechanism to ensure that the losers from integration have an incentive to persevere with it." Dyson (2014, see also Dyson and Featherstone 1999) describes the inner tensions of the EU, and EMU especially, as the confrontation between two contradictory ways to conceive the nature of the EU as a community. The first conception is that of *Schicksalsgemeinschaft*, a community that shares a common destiny. This conception emerged after the Second World War and qualitatively changed the nature of the inter-state relations among the Members of the European Communities; during the first phase of the European Integration, Member States fostered this conception by aligning their national interest "around the mutual gains from economic and political integration." A second conception emerged during the creation of EMU, with the EU as a *Stabilitätsgemeinschaft*, a community of stability. This second conception derives from the fiscal policies of Germany, the most powerful creditor state of the EU, which revolve around the concept of "sound money and finance" (Dyson 2014: 41). According to Dyson, the second conception of the community started to gain momentum after the Maastricht treaty, when institutions based on this conception, such as the European Central Bank, were created to support the nascent EMU. Following the logic of the "*politique d'accompaignement*," the Member States decided to create the Cohesion Fund that would have allowed the less-developed Member States to invest in their infrastructures, thus generating convergence with the other Member States of the Eurozone (Featherstone 2003: 927).

When EMU was finally created in the early 2000s, the empirical evidence suggested that it was the peripheral Member States, and not the core, to thrive thanks to the common currency. In the light of this, Begg suggested considering to adopt an open method of coordination for the economies of the "richer EU countries," while concentrating the remnants of the Community support in the "less well-off" member states (Begg 2003: 177). This situation changed abruptly at the onset of the sovereign debt crisis, which exposed at once both the structural fragility of EMU and the peripheral member states economies. In the aftermath of the crisis, the *Stabilitätsgemeinschaft* component of the EU was further strengthened with the introduction of formal institutions to protect the stability of the Eurozone (Dyson 2017). The introduction of macroeconomic conditionalities also reinforced the ties between cohesion policy and EMU. According to Begg (2016: 57, see also Bubbico *et al.* 2016: 190), the rationale for macroeconomic conditionality is double. First, without a sound economic environment, any public investment will achieve suboptimal results. Second, "when discipline in public finances is absent private investors and public co-financing will hardly to obtain." According to Jouen (2015), macroeconomic conditionality created a contradiction in the governance of the policy: according to this type of political conditionality, a region could be punished for decisions that their governments were making. This framework, both conceptually and practically, goes against the partnership principle, since it can create disincentives to participate in cohesion policy for the regions that need it the most.

2.3 Cohesion policy and ideational studies

The last strand of literature on cohesion policy we are interested in is the one on the ideas that have influenced the development of the policy. Ideational studies have been conducted in different fields, such as welfare state development (Lieberman 2001, Béland and Hacker 2004, Schmidt 2002, Ferrera 2013, Larsen and Andersen 2014), economic policy (Hall 1989, 1993, Blyth 2002, 2013), international relations (Wendt 1999, Katzenstein 1996). Among the others, European studies is one of the fields that has benefitted from the insights of ideational scholarship; many of these studies are directly relevant in explaining some of the events we have discussed in the last two sections, the creation of EMU, the emergence of EU solidarity and the response to the 2010 sovereign debt crisis.

For what concerns the making of EMU, Kathleen McNamara (1998, 2006) argues that European policy-makers were influenced by neoliberal beliefs rather than by changing material conditions. To be sure, genuine ideological commitment did not determine the neoliberal turn: instead, it was historically contingent on the perceived failure of the Keynesian paradigm in the face of the '70s oil crises. In this event, the perceived success of German's ordoliberal policies in taming the inflation and promoting relatively high levels of employment supplied an alternative policy paradigm. Dyson and Featherstone (1999) detail how a specific intersection between ideas and power relations has shaped the final agreement on EMU. Two sets of ideas were particularly relevant. On the one hand, ordoliberalism, which explained the *idée fixe* of the German negotiators, the “rule-based” approach. On the other hand, France brought to the table its “Republican tradition”: the sovereign nation, through a “*politique volontariste*,” should impose its will on the markets, rather than abdicating to their economic power.

Craig Parsons (2003) shows instead how a “certain idea of Europe” was selected among other objectively possible models. European models of integration based on “confederal” ideas and traditional “intergovernmental cooperation” were discarded in favor of a model based on the idea of Community. In this respect, the ideas of French *élites* and high officials were crucial within the “coordination discourse” (see Schmidt 2008) of European policymakers. Conversely, the “communicative discourse” toward a broader public (Schmidt 2007) had the French elites trapped in a discourse no longer effective: the European integration as a shield against globalization and as a "*multiplicateur de puissance*."

Finally, ideational studies have variously explained the current sovereign debt crisis and its relation with European institutions. According to Schmidt (2014), the crisis once again shows an ideological clash between “neoliberal” economic ideas, in their ordoliberal pragmatic variant, and “neo-Keynesian” economics, here championed by the French narrative of “economic governance” (see also Feld *et al.* 2015). The irreconcilability of these opposed ideas made hard for the European policy-makers to coordinate themselves. This state of affairs, in turn, has resulted in a difficulty to communicate both to “the people” and to “the markets” a coherent strategy to face the crisis, which ended in a worsening of the crisis itself. Other scholars, such as Dyson (2014) and Matthijs and McNamara (2014; see also Fourcade *et al.* 2013) has focused on the narrative that sees Northern “saints” opposing Southern “sinners.” This broader social knowledge has contributed to crowding-out possible alternative solutions, such as the fiscal union, in favor of recipes based on austerity (see also Blyth 2013). This “morality play,” according to Dyson, informs and it is informed by the power relations between creditor and debtor Member states within EMU: the current crisis had only exacerbated existing relationships within the boundaries of this dialectic.

Compared with these contributions, the ideational literature on cohesion policy is sparser. A common aspect in the entire cohesion policy literature is the recurrent use of the distinction between motives and reasons (Majone 1989). The scandal lies, as we have seen, in the liberal intergovernmentalist substantive claim that cohesion policy is best understood as a "side-payment" (Moravcsik 1991) for other, more relevant project, such as the Single Market or the EMU). This claim downplays other possible motives and reduces them to elaborated rationales. The argument of the MLG approach is in stark contrast: the "minimalist approach" of the liberal intergovernmentalism can explain just some aspects of cohesion policy, such as its financial endowment (Hooghe and Keating 1994, Borràs and Johansen 2001). This kind of explanation, however, leave out relevant aspects such as some of the relevant policy goals or the direct involvement of the regions in the governance of the funds. Then, if according to liberal intergovernmentalists the motives of the cohesion policy are best understood in terms of redistribution and of compensation, the multi-level governance add a third motive, consisting in the allocative motives of the cohesion policy: "what to do" with the financial endowment the Member States have agreed upon. According to Molle (2007) and Begg (2010) the three motives, compensation, redistribution, and allocation of resources, are exhaustive in explaining the "reasons why" of the cohesion policy.

Within this framework, ideas matter to a great extent in defining the substantive content of the policy and the instruments adopted. One of the reasons for this is the active role assumed by the European Commission in the reform process. The empirical study made by Smyrl (1998) confirmed the capacity of the Commission to push on its agenda *vis-à-vis* Member states' preferences. However, as Dyson and Featherstone (1999: 692) argue for the EMU, the Commission is in a weaker position confronting national governments because of the lack of democratic legitimacy and because of limited resources of expertise. To compensate, then, the Commission has "cultivated" "informal cross-national network ... to provide ideas." This method also applies for cohesion policy, where the limited human and cognitive resources available has affected the policy to a relevant extent; reliance on epistemic communities and local experts, then, had been a staple in cohesion policy since its early development (Hooghe 1998: 461). One notable example is provided by Behrens and Smyrl (1999) in discussing the economic ideas underpinning cohesion policy. According to them, Community regional policy has been consistently modeled, since the late sixties, after the prescriptions and diagnoses of the agglomeration theory (Myrdal 1957). At first, the Commission was not able to develop a policy coherent with these prescriptions due to resistance within the EU Council. The long-time efforts of the DG Regio gained the Commission the first victory with the Integrated Mediterranean Programmes in 1984. Then the 1988 reform, openly endorsed by the President of the Commission Jacques Delors, created a coherent framework based on the agglomeration theory. However, there was more to cohesion policy than a coherent economic theory. According to Hooghe and Keating (1994), and consistently with section 2.1, the social doctrines of Christian-democratic and social-democratic, endorsed by political figures at European level, were a powerful determinant in shaping cohesion policy (see also: Tindemans 1975, Dyson and Featherstone 1999: 696). This idea was coherent with the "integrated approach" that was adopted by the Commission following the IMPs experimentation: while its benefits were consistently aggregated to the national level, the cohesion policy projects were "rescaled" to the regional level. Each Member State had regions that were receiving money: in this way, the compensatory motives of the budgetary politics were relegated in the background of a policy based on the wider concept of "solidarity." The way in which the national interests were interweaved served the supranational institution-building to a great extent: by creating pan-European solidarity, the policymaker was forging a stronger bond between the supranational institutions and the European public at large (Ferrera 2005, Van Middelaar 2013).

Faludi (2007: 571, see also Hemerijck and Ferrera 2004: 249-250) considers the influence that the concept of "European Social Model" played in the early development of the policy. Delors, in his strive to protect the specificity of the European society, sought to differentiate the EU from "the *laissez-faire* approaches of Anglo-Saxon liberalism" and to embed the nascent integrated European "economy … in social communities in order for it to survive." This model was paramount in shaping the concept of territorial cohesion, which, according to Faludi, is "about a just distribution of opportunities in space" coupled with the idea "that this will also unlock much dormant potential." Similarly, Hooghe discusses how the 1988 cohesion policy was shaped after the European Regulated Capitalism model, to the point that the policy can be considered "the bedrock of the anti-neoliberal programme" (1998: 459). According to Hooghe, this vision of the European economy came under attack during the second half of the nineties, and the 1999 proposed cohesion policy reform embodies the changing consensus. According to Mendez (2014),

the cohesion policy original ethos had been "under attack" since then. Particularly remarkable are the attempts operated within the intellectual space of the EU. The Sapir Report (Sapir *et al.* 2003), in particular, advocated a model of governance similar to the one already in place for the Cohesion Fund. The Report explicitly challenged the agglomeration theory and proposed to create a "new convergence policy" managed by states and not by the regions. In stark contrast, the Barca Report (2009): the report advocated for a "place-based approach" and a return to the 1988 ethos. For the Report shaped important aspects of the reform, the Commission did not fully embrace its prescriptions. According to Mendez, the reason lies both in the opposition from national governments and in a "sectoral functionalist" fringe within the Commission itself.
All in all, the different logics that have shaped successive cohesion policy reforms have created a layered policy (Behrens and Smyrl 1999) that is sometimes contradicting both in the use of policy instruments (Jouen 2015) and in the policy goals it pursues (Begg 2010, Eiselt 2008). In the next chapter, we will discuss how this thesis can contribute at unraveling such contradictions by looking at the way in which key actors have elaborated across time the ideational underpinnings of the policy and its relation with other policies pursued by the European Union.

3. Summary

Cohesion policy has been studied from many perspectives. Two of the main approaches, Multi-level Governance and Liberal Intergovernmentalism, favors two different perspectives on the policy. On the one hand, MLG conceptualizes cohesion policy as a multi-layered system of governance which has challenged the boundaries of the nation-state. The principles of cohesion policy are analyzed from this perspective to demonstrate how cohesion policy has transformed the way in which the institutional entities involved with the policy operate. On the other hand, LI theory explains the institutional development of cohesion policy as a compensatory mechanism to further the process of economic integration: from this perspective, the distributive motives of cohesion policy are brought to the fore.
From the perspective of EU solidarity, the allocative and distributive motives are not rival, but they are both relevant to explaining the institutional development of the policy. On the one hand,

cohesion policy is considered a tangible expression of solidarity between territories: as such, its particular system of governance allows the policy to be visible and to operate in every part of the EU territory. On the other hand, the redistribution between the Member States is a necessary component that allows the policy to pursue the objective of economic and social cohesion, but in itself is not sufficient to define the policy itself.

Ideational studies have shed new light on cohesion policy, by tracing back contradictory features of the policy, in terms of objectives and policy instruments, to the ideational origins of the policy itself. This perspective is particularly promising when considering the relation between cohesion policy and EMU. The European policymakers have suggested the link between the two since the early seventies. However, in the light of what discussed in chapter one, the latest cohesion policy reform suggests that the inner logic of cohesion policy could be not fully compatible with the inner-logic of EMU. An ideational approach in studying the institutional development of cohesion policy can provide us with useful insights on this phenomenon.

Chapter III - Research design and the analytical framework

In the previous chapters, we have identified a long-standing trend in the parallel economic integration of Europe – with institutions such as the Single Market and EMU – and cohesion policy. We have observed that this phenomenon has produced a contradiction in the way cohesion policy works, resulting in an all-pervasive "exogenous" conditionality and a “sectoralization” which contradicts the solidaristic and place-based tenets of the policy. We then discussed how cohesion policy had been analyzed and conceptualized by different approaches in the scholarly literature, and we found out that other scholars have studied the effects of EMU on the policy architecture of the European Union and how different sets of ideas have contributed to this outcome. We will now look, from a methodological perspective, at how ideas are used in studying and explaining the development of institutions. In this chapter, we will first discuss the epistemological problems in using ideas as independent variables; then we will discuss viable strategies to use ideas to produce explanations of institutional phenomena and introduce the research questions and the causal model that will be employed in the congruence test. In the remainder of the chapter, we will discuss how to operationalize ideas through frame analysis and introduce the analytical framework that will be used in the study.

1. Ideas and causal analysis

1.1 Causality: effects and mechanisms

Say you enter in a room, which is empty, except for three visible objects: two domino pieces, numbered "1" and "50," laying in vertical position each one put aside a black curtain. Someone pushes the first domino piece, which falls, and a few seconds later the second piece comes down too. Since we are familiar with the expression "to fall like dominoes," the first explanation that crosses our mind is that the second fall is sequential to the first one. A plausible theory, then, could be that behind the curtain are, perfectly aligned, the domino pieces from "2" to "49," and that the fall of the first piece has produced a chain reaction that, eventually, led to the fall of the last piece. We cannot know this for sure: alternative events could have occurred, making the situation more confusing: for instance, a gust of wind moving from one side of the room to the other may have caused the domino piece "50" to fall, independently from the first event. To correctly explain what happened, then, it would be necessary to observe what happened behind the curtain.

This example was put forth by Bennet and George (1997), and it allows us to understand which components are necessary for our analysis to ascertain the causal effect of ideas on the cohesion policy reform. We will first introduce them by discussing the elements of the domino example, and then we will consider how these concepts fit into the current analysis.

Causal effects and spurious relations

The first distinction we have to make is between causal effects and causal mechanisms. In the domino example, the relationship between someone pushing the domino piece numbered "1" (X) and the fall of the domino piece numbered "50" (Y) constitutes a causal effect. Since the black curtain hides what is in between, the plausible relation between the two events is not directly observable. However, the fact that the two events are temporarily contingent make us reasonably expect that there is a relation between the two. This adductive reasoning can be further elaborated by considering the possibility of a domino effect behind the curtain, hypothesizing, then, that X has caused Y:

X→Y

To verify the causal effect of X on Y, we can resort to two alternative tests. The first one is the correlation test: if we dispose of a vast array of cases where both X and Y are present, we can verify if the effect of X on Y is always the same. But even if we could not count on a large number of comparable events, we can always rely on the congruence method: are the events unfolding in the exact way our previously established theory predicts (George and Bennett 2005)? In our case, since we hypothesize that 48 dominos pieces are laying in between "1" and "50," we would expect the "50" domino piece to fall in a precise direction and at an exact point in time. The more detailed the observable implications of the theory, the more the congruence method will provide a valid explanation of the event we observed. Does the event we are studying respect these theoretical expectations?

Both congruence method and correlation, however, cannot wholly disprove alternative explanations. In the example, the alternative explanation was that a gust of wind (C) could have caused Y, independently from X. Behind the black curtain there are no other domino pieces, and the fall of X and Y are not directly related since a third variable caused Y. Hence the relation between X and Y we have hypothesized would be spurious, meaning that X is neither necessary nor sufficient for Y to occur:

C→Y

Another possibility is that X is necessary for Y to occur, but it is only an intervening variable caused by a fourth event Z. Hence, X would just be an intervening variable of Z, the latter causally prior to the former:

Z→X→Y

A final obstacle to ascertaining the causal effect of X on Y is the causal depth of the relation. Say that X is an intervening variable: though it is not an independent variable, it has, indeed, a causal effect on Y. But let say that C and X occur at the same time, and they are both caused by Z. In this case, we would have that:

$$Z \rightarrow X \rightarrow Y \text{ OR } Z \rightarrow X \rightarrow Y$$

meaning that, even in the absence of X, Y would have occurred anyway since Z also caused C.

Causal mechanisms

Bennett and George observe that the best way to avoid these three pitfalls is to study the causal mechanisms, i.e., the causal processes and the intervening variables "through which causal or explanatory variables produce causal effects" (1997: 1). In our example, to verify that the "domino effect" hypothesis holds water we need to pull up the curtain and reconstruct the sequence of events that led from X to Y. The best possible way to do so would be to record the causal process when unfolding, through direct observation. When this possibility is not available, the second best is to reconstruct the chain of event that led to Y, utilizing process tracing. Process tracing, in this sense, is a meticulous congruence method: rather than inferring the causal relation between X and Y based on general theory, we apply the same logic to all the events/intervening variables that led to Y. If we can demonstrate that each event is sufficient (and possibly necessary) for the next one to occur, then, we have shown beyond any reasonable doubt that X led to Y.
Bennet and George argue that both the analysis of the causal effects and the analysis of the causal mechanisms are essential to establish causation. On the one hand, the causal effect analysis alone is exposed to the risks we have described before. On the other hand, if we limit ourselves only to the mechanistic analysis, problems of generalizability could arise: the mechanism discovered could be either idiographic or even trivial. Hence, rather than seeing causal effects and causal mechanisms as rivals, it would be of more use considering them as complementary and include them both in the research design. In a less ideal world such as the one we live in, resource constraints, time *in primis*, often limit the research to either the causal effects or the causal mechanism. It is, nevertheless, useful to understand both the limits and the merits of each type of analysis. In the remainder of the chapter, we will outline the congruence test we will use in

this research.

1.2 Do ideas matter? How to measure their causal effect?

As we have discussed, the causal effect of a variable can be inferred both by correlation or by analyzing the congruence between X and Y in the light of a causal theory, even when it is not possible to directly observe causal mechanisms. While the former can be easily applied to large-n studies, the latter can be employed either in single case studies or comparative (small to mid-n) studies. Ragin (1987) observes there is a trade-off between the two. While correlations are a better fit in testing statistically-relevant (structural) relations among a limited number of variables, case studies allows to test a larger number of variables (conditions) on a smaller number of cases; hence, while the former aims at producing explanations based on a limited number of variables, the latter can provide more detailed accounts. In the current research, there are pragmatic and theoretical reasons inherent to the research question that would suggest adopting the congruence method to test the causal effects. There are, indeed, limitations to a correlation study due to data availability. As we have seen in the first chapter, the original regional fund was introduced in 1973 and twice reformed in 1979 and 1984. In 1988 cohesion policy was created, then reformed four times (1994 1999, 2007, 2013). The number of cases, then, does not lend itself to a correlation analysis. Even more so when we consider the variables we will study to explain variations on the dependent variable: ideas. Statistical analyses and ideational studies are indeed compatible (see for instance Goldstein 1988, Holsti and Rosenau 1984, Goertz and Diehl 1994, Lieberman 2002). However, when constructing variables as ideas, measurement problems could arise. As Marini *et al.* (1988: 389, see also Yee 1996: 74) observe, ideas are “mental events” that “reflect ongoing processes that are difficult to measure repeatedly.” In other words, it is difficult to analyze ideas in a “piecemeal manner” which would a clear separation between different ideas, thus avoiding endogeneity problems. Even when ideas are properly operationalized, the very concern with the net-effect that characterizes correlation studies does not allow to study complex interactions between ideas; and, as we have seen in the previous chapter, it is a mix of different ideas, rather than an isolated one, to be generally considered capable of explaining the complex decision-making at the EU level. Case studies, on the other hand, consider variables (conditions) in a combinatorial manner. Endogeneity is less of a problem since the end-game is not to identify the net-effect of a variable, but to uncover conjunctural causation, i.e., to consider how different variables, taken together, can produce the outcome (Ragin 1987, Aus 2009). Accordingly, cases are considered as a combination of different variables. For instance, in a study about the "world-view" of Jacques Delors, the case "Delors" is studied as a set of different ideas, which interact among themselves: a combination of beliefs comprising solidarity, reciprocity, subsidiarity and so on can be examined for instance as a complementary or contradictory value-constellation, and can be put in relation to a historical outcome, such as the decision to double the structural funds' budget in 1992, through a congruence analysis.

1.3 Designing the congruence procedure

As we have seen, the congruence method can ascertain the presence of causal effects when deployed to test a theory. The theory is used to create testable implications on how the dependent variable would behave if a given independent variable (or a set of them) is present and if we assume that it is causally conducive to the effects observed on Y. In other words, the theory is used to hypothesize the existence of a causal mechanism that, if present, would produce an effect on the dependent variable. Variations on both the dependent and independent variables, either in degree or in kind, are used to infer the existence of a causal relation. Hence, to design a congruence procedure are needed both a dependent variable and independent variables, empirically measured, and a causal theory that can be empirically tested.

The dependent and the independent variable

Concerning the dependent variable, in chapter four we will analyze how cohesion policy has changed during three of its reforms (1988, 1993, 2013) by using fuzzy-sets. We will discuss then both the analytical framework related to the dependent variable, based on the concept of inter-territorial solidarity and its operationalization. For what concerns the congruence procedure we will now consider only the three dimensions that will be part of the dependent variable.

1. Eligibility, based on the economic criteria to access the structural funds, which can be more or less restrictive.
2. Redistribution, based the distribution of funds among the regions, which can be either directly or inversely proportional to average per capita regional GDP.
3. Conditionality, based on the type of conditions that needs to be respected to receive the funds, either before the contractual relationship starts (ex-ante conditionality) or after (ex-post).

Concerning the independent variable, we will consider four sets of ideas that shaped the discourse of the European Commission during the decision-making process as the potential causes of the variations measured on the dependent variable. To measure the salience of these ideas, we will perform a frame analysis on the public speeches by both the President of the European Commission and the European Commissioner for Regional Policy; in the case of the 1993 reform, the European Commissioner for Budget will also be considered since the Cohesion Fund was part of its portfolio. Each one of these four discourses will tell us two things. First, the way in which the actors see the issues that the European Union is confronted with. Second, how cohesion policy can be instrumental in solving them. We will return to the subject in the second part of the chapter. For now, it is sufficient to recall two of the four sets of beliefs that we have identified in the first chapter:

1) The solidarity discourse
2) The stability discourse
3) The place-based discourse
4) The sectoral discourse

These four sets of beliefs emerged in different phases of the European integration. The concept of European solidarity gained momentum in the seventies, in concomitance with the emergence of the conception of a "neighborhood Community" as an ontological conception of the European

Economic Community. During the same period, the Werner report also introduced, in the debate on EMU, the concept of stability as a necessary component of the single currency. The same report also introduced the idea of a "structural policy" (the 'ideational' forefather to cohesion policy) based on both these ideas: solidarity from the core Member States in exchange of economic stability from the peripheral Member States. The other two discourses emerged later on. Some of the components of the place-based approach, such the idea of 'endogenous development' emerged during the eighties when the IMPs first, and cohesion policy later was deployed to promote regional development in European territories that have been historically under-developed. The "sectoral approach" emerged in the early 2000s to respond to the challenges that the EU was facing as a whole, such as low economic growth and high unemployment. The structural Funds which are part of cohesion policy started to be employed to support the European strategy after the 2005 mid-term review of the Lisbon Agenda.

The causal theory: cognitive theory and the EU decision-making

For what concerns the causal theory, ideational studies try to test, either explicitly or implicitly, the cognitive consistency theory (Bennett and George, 2005: 546). According to this theory, a policy-maker is influenced in her or his decisions by the set of beliefs she or he holds. The implication we want to test is that these beliefs will translate into actual choices, and then, will be incorporated into the reformed institutions (Schmidt 2008). This theory, of course, needs to be adapted to the actual circumstances of the decision-making process. Since a policy reform is a complex activity that involves many actors, it is extremely dubious that a policy-maker can determine the output of the decision-making process all by herself or himself. This is especially true for the EU, where multiple institutional levels are involved (Hooghe and Marks 1996). Since it would be impractical to track the policy positions of all the actors involved, I will focus only on two institutional figures for each round of reform. As mentioned, the first one is the President of the European Commission, the second one the European Commissioner for Regional Policy; we will also look at the European Commissioner for Budget during the 1993 reform since, during this period, the Cohesion Fund was in its portfolio.

Why it makes sense to focus on these institutional figures? As we have seen in the first and the second chapter, the politics of cohesion policy reform involve both budget negotiations and the approval of the regulations attached to the funds. In the former, the Member States and the Commission are in key decision-making positions (Bachtler and Mendez 2016, De la Fuente and Doménech 2001). While the European Commission makes the initial budget proposal, Member States negotiate both the individual contributions and the total amount. The Commission generally has the upper hand when deciding on the regulation attached to the reform: since the Common Provisions Regulation is a complex document, the Member States and the European Parliament can negotiate single provisions, but the overall policy design is in the hand of the Commission. In the case of the regulations, the President of the Commission and the Regional Commissioner are differently involved. On the one hand, the President of the Commission will have, quite reasonably, a say on the general principles regulating the policy, for instance the creation of a policy which is supportive of the European Social Model. On the other hand, the Regional Commissioner will seek to implement such principles in the final regulation, by translating them into detailed provisions (Smyrl 1998). Both the Regional Commissioner and the President, then, have a central role in the decision-making, especially for what concerns the regulations. Even in the case of the budget planning, they formalize the initial proposal, and they intervene during the States' negotiations. Compromises between the Member States and the European Commission can occur in both the arenas; moreover, both decision-making processes are intertwined: for instance, Member states can agree on a more "generous" budget when the attached regulations involve a stricter conditionality (Tokarski and Verhelst 2012).

Both the cognitive consistency theory and the decision-making specifications can be empirically tested through the congruence procedure. The independent variable (x), i.e., a given set of beliefs held by both the President of the Commission and the Regional Commissioner, can be either consistent or not consistent with the substantive contents of the reform (y). In case the dependent and the independent variable are consistent, we can assume that during the negotiations the Commission have found no opposition or that the Commission has resisted any opposition and have not negotiated the substantive content of its ideas. In any case, there is a congruence between the beliefs held by the actors within the Commission and the substantive output of the reform. And while it is plausible that some of the principles underpinning the reform have been negotiated with the Member States before the reform process started (e.g., the subsidiarity principle before the 1993 reform), we can also plausibly assume that most of them are not. After all, in the first chapter, we have widely discussed that the proposed regulation by the Commission generally stir up controversies and political divisions within the European Council and within the European Parliament. In case the ideas of the Commission have failed to make it through the negotiations, so that the independent and the dependent variables are not consistent, the theory that the ideas of the Commission are relevant in the cohesion policy reform is falsified, since they were defeated in the decision-making process; arguably, the arena that needs to be investigated, rather than the Commission, would the intergovernmental bargaining that takes place in the European Council (Moravcsik 2001). Finally, the intermediate possibility is that the ideas of the Commission have made it to the final proposal, although they partly changed in the decision-making process. In this case, the congruence between the dependent and the independent variable is less than perfect; either new parts are introduced in the final legislation, for instance, a new ex-post conditionality, or they are taken away from it, such as a reduction in the proposed budget. In this case, the European Commission tries to save the ideational core of the reform by making concessions to other key actors, such as the Member States within the European Council.

Coordinative and communicative discourse

Schmidt (2008) postulates the existence of two types of discourses that are present in any political system. The first one is the coordinative discourse among policy actors, which tends to be "elaborate" and sometimes hidden behind closed doors (see for instance Mendez 2014). The second one is the communicative discourse between the political actors and the wider public, which focuses on the "necessity and appropriateness" of the policies that are decided within the coordinative discourse (see for instance Crespy and Schmidt 2012, Matthijs and MacNamara 2013). The ideal way to test the consistency of Commission's ideas through time would be by studying the coordinative discourse: this would bring the analysis closer to a study of the causal mechanism. As mentioned before, however, this discourse is not always accessible: in the case of the Commission, there is a thirty-year long embargo on the meeting minutes. The second best, then, is the communicative discourse. We will expand on this in the part of the chapter devoted to the operationalization of the independent variable.

1.4 Research questions and the causal model

Research questions

- RQ1: How cohesion policy has developed under the three dimensions of accessibility, progressiveness, and conditionality?
- RQ2: How Commission's ideas and rationale about cohesion policy have changed throughout time?
- RQ3: Is there congruence between how Commission's ideas have changed (RQ2) and the way in which cohesion policy has developed (RQ1)?
- RQ4: can the Commission's ideas related to solidarity explain the 1988 reform?
- RQ5: do the Commission's ideas related to stability explain the adoption of conditionality measures in 1993 and 2013 reform?

For what concerns the congruence test, we have presented in the first part of the chapter the possibility space that is offered by our theoretical model. As we have discussed, the dependent variable operationalizes the cohesion policy reform as a three-dimensional space composed of three distinct dimensions, eligibility, redistribution, and conditionality. On the other hand, the independent variable consists of four distinct discourses: the solidarity discourse, the stability discourse, the sectoral discourse, and the place-based discourse. These four discourse are related. As we have discussed in the first and in the second chapter the solidarity and the stability discourse can be considered cognate discourses. Following Dyson (2014: 41) they originate from two different conceptions of the Community: the "community of destiny" on the one hand, and the "community of stability" on the other hand. Between the two there is an "unresolved question" which manifests itself in an "EU bias towards 'constructive ambiguity' in managing sovereign debt problems." At the same time, following Mendez (2014), the place-based

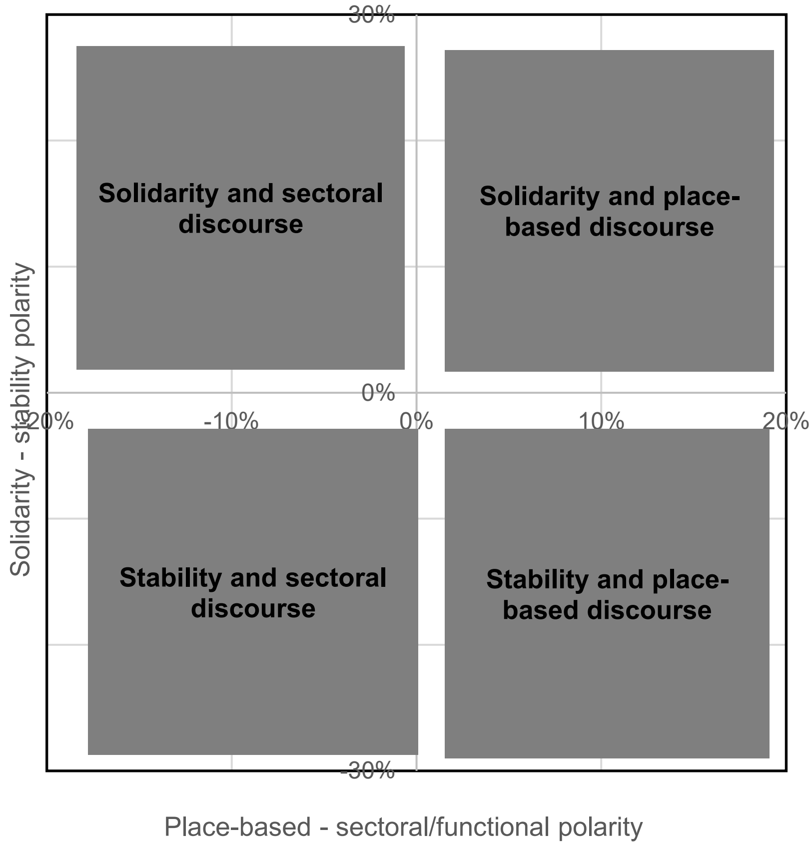

Figure 1. Possibility space of the theoretical model (independent variable)

discourse and the sectoral discourse can be seen as cognate discourses too. The sectoral discourse can be of two varieties, the sectoral co-ordination discourse and the sectoral functionalism. The sectoral co-ordination discourse, prevalent during the Lisbon agenda, envisions the EU pursuing Community-wide strategic objectives by playing a "soft co-ordination role" through reform programmes tailored to specific sectors in the Member States. On the other hand, the sectoral functionalist discourse "is dismissive of the multilevel governance model" which characterizes the place-based approach and centers "on the creation of sectoral funds to deliver EU objectives," including the "'people-based' social inclusion and poverty agendas" and the "'thematic approach'" to economic development which characterized the post-2013 reform. The sectoral functionalist approach rivals the place-based approach since it is "a direct competitor for funding" and it functions on a different inner-logic. Figure 1 shows the "possibility space" offered by the theoretical model. The horizontal axis and the vertical axis represent different polarities in the discourse.

On the vertical axis are the two cognate discourses based on the concepts of solidarity and stability; on the horizontal axis the two cognate discourses based on the sectoral and the place-based approaches. The four corners of the diagram represent the combinations that the theoretical model allows.

For what concerns the dependent variable, as we will see more in detail in chapter four, our theoretical model allows eight logical combinations. Table 1 is a truth-table that list each one of them. When the truth-value is “0,” the condition is absent. When the truth-value is “1” the condition is present. When the ‘eligibility’ condition is present (value “1”) the eligibility criteria are mostly accessible, and the redistributive part of the policy operates on the whole EU territory; vice-versa, when the ‘eligibility’ condition is absent (value “0”) the policy is less accessible and it focuses on the poorer regions of the EU. When the redistribution condition is present the policy allocates resources based on the regional GDP, thus redistributing resources to the poorer regions. On the other hand, when the redistribution condition is absent, the policy allocates resources based on criteria that are not related to the GDP per capita; for instance, the creation of infrastructures between wealthier regions to support the single market. Finally, when the ‘conditionality’ condition is present, the policy has a strict conditionality based both on ‘endogenous’ provisions (e.g. monitoring, anti-fraud measures that are consistent with the inner functioning of the policy) and on conditions concerning substantive aspects that can be related to the policy itself (e.g. ex ante conditions based on the legal and policy framework that needs to be present before the funds are disbursed) or ‘exogenous’ provisions related to other policies (e.g. stability conditions related to EMU, as in the case of macroeconomic conditionality, or conditions related to Europe 2020, such as thematic concentration). When, instead, the ‘conditionality’ condition is absent, only procedural provisions are present.

Eligibility	Redistribution	Conditionality	
1	1	1	Accessible, solidaristic, conditional
1	1	0	Accessible, solidaristic, unconditional
1	0	1	Accessible, non-solidaristic, conditional
1	0	0	Accessible, non-solidaristic, unconditional
0	1	1	Restrictive, solidaristic, conditional
0	1	0	Restrictive, solidaristic, unconditional
0	0	1	Restrictive, non-solidaristic, conditional
0	0	0	Restrictive, non-solidaristic, unconditional

Table 2. Inter-territorial solidarity ideal-type, truth table

Having a causal theory and knowing the possibility space provided by both the dependent and the independent variable, we can put forth the theoretical expectations that are going to be congruence-tested through the analysis. Based on the theoretical framework outlined in chapter two and the discussion on the history of cohesion policy in chapter one, we are particularly interested in three different ideal-typical configurations of the dependent variable. First, the 'accessible, solidaristic, unconditional' configuration ("1, 1, 0" on the truth-table) should be congruent with both the presence of a salient solidarity discourse and the presence of a salient place-based discourse. In this case, in fact, the Commission is in favor of an easily accessible cohesion policy with a generous redistributive pattern that takes care of the less prosperous regions; at the same time, the low conditionality leave room for tailoring the intervention to the specific needs of the region, following the "endogenous growth" model. Second, the 'restrictive, non-solidaristic, conditional' configuration ("0, 0, 1") should be congruent with the presence of both the sectoral and the stability discourse. In this case, in fact, the absence of a redistributive pattern among the regions and the presence of strong conditionalities hints in the direction of a discourse which pursues both sectoral objectives not necessarily related to the economic and social status of the regions targeted, which are only a limited part of the EU territory. On the other hand, the presence of conditionality suggests a discourse pursuing either EMU-related objectives or sectoral objectives. Finally, the 'accessible, solidaristic, conditional' configuration ("1, 1, 1") suggests the presence of a sectoral discourse which also pursues solidarity-related objectives, along with a stability discourse. The presence of a redistributive pattern along with strong conditionality indicates, in fact, a discourse in favor of sectoral goals that include some form of solidarity among the regions. At the same time, the strong conditionality also suggests the presence of a stability discourse, since the presence of ex-post conditionality can be in line with the pursuing of stability-oriented structural domestic reforms along with specific EMU-related provisions such as macroeconomic conditionality.

While this causal model is based on a dichotomous logic and cannot be used to test more nuanced the theoretical framework, the congruence test will also allow testing for differences in degree. Accordingly, both the dependent and the independent variable will be operationalized as continuous variables. In chapter five, six and seven, which will be devoted to the case studies, we will both analyze the four discourses from a quantitative perspective (hence, their salience) and a qualitative perspective, by identifying the arguments used by the key actors in their communicative discourse. In this way, we will be able to perform a more detailed congruence test which will allow us to disprove the causal theory in the case that there is no congruence between the independent and the dependent variable.

2. Analytical Framework

2.1 Diagnostic and prognostic framing of policy issues

Having presented the independent variable, we are going to discuss how to typify and measure the presence of the aforementioned four discourses in the key actors' speeches during the three cohesion policy reforms. The analytical framework that needs to be employed to perform this task should be able to capture which are the actors' preferences in terms of cohesion policy and related issues.

The first two elements to consider are the two wider frames, the diagnostic frame and the prognostic frame. Drawing from the literature on social movements (Snow and Benford 1988, 1992, 2000), these two frames assist a political or social actor in identifying a problem and in elaborating solutions to it. Such concepts overlap with the conceptualization proposed in his research on agenda-setting by Kingdon (1984) who analogously distinguished between policy problems and policy solutions. By extension, the diagnostic and prognostic frames can also be used to study not just social movements, but also the way in which decision-makers conceptualize policy problems. In recent times, the diagnostic/prognostic framing has been used in discursive institutionalist studies to identify the reference frames used by key-actors in decision-making. Starting from Béland (2005, 2009), who used the idea of personal ownership to explain long-term social policy reform in the US and in the UK, the diagnostic/prognostic framework has been used later by Crespy (2010) to analyze French "anti-liberal discourse" on the Bolkestein directive, and by Crespy and Schmidt (2014) to analyse the positions of both German and French decision-makers within the EMU reform debate. In this literature, the diagnostic and prognostic framings are defined as follows:

1. **Diagnostic framing**. The way in which an actor defines what is a problem and why. We do not immediately know why the actor identifies something as a problem; he will spend a substantial part of his speech to explain it. Nevertheless, the identification of a policy problem typically is the fundamental (necessary) premise for a political speech. A single speech can contain multiple policy problems. They can either disjointed or interrelated. In the latter case, a good practice would be to identify in the text the logical connections (in terms of necessity or sufficiency) binding two problems together.
2. **Prognostic framing**. In its "natural" conclusion, a political speech would identify "what to do" concerning the policy problem described in its premises. In other words, a politician should (ideally) identify a policy solution to the problem he has exposed. As for the diagnostic framing, it is not necessary to have a univocal relation between problems and solutions. There could be more than one solution for a single problem or a "two birds with a stone" solution for many problems.

The relation between prognostic framing and diagnostic framing, in reality, needs not to be a direct causal relation; a cunning politician can be insincere either when identifying a problem or when attributing a policy solution to it. For instance, preferences about policy solutions can be already present. Accordingly, the identification of a policy problem is only instrumental to the adoption of such solutions. In this case, it is the "solution" that cause an actor to "adopt" such a problem and not the other way round. Nevertheless, in a speech, the relation between the two is always presented as linear: from a policy problem, a policy solution follows. A different arrangement would be considered inappropriate, to say the least (Burke 1936, Overington 1977). During the analysis, both the diagnostic and prognostic framework will be used to better understand the policy position of the actors. Many of the categories can either belong to the diagnostic ("what is the problem?") or the prognostic ("what is the solution?") framework: for instance, categories such as "unemployment," "welfare state crisis," "low economic growth" are considered almost universally policy problems and discussed within the diagnostic framework. On the other hand, there are categories that can both belong to the diagnostic and the prognostic framework: for instance, the "Single Market" category can be either seen as a solution to create more economic growth or as a problem since the trade liberalization can negatively affect some territories while giving an advantage to others. Also, since we are interested in the four discourses, some categories are regularly viewed as a problem in one discourse, while they are considered a policy solution by a different discourse. This discrepancy can be explained by the ideological rivalry between different discourse, and the fact that they often compete for the same resources. "Neo-liberal" policies, for instance, are seen as a policy solution within the Stability discourse, while they are considered as policy problems by the Solidarity discourse. The first discourse is concerned with economic growth and tends to adopt a model of (territorial) development based on the steady-state growth theory. The second discourse, instead, is concerned with inequality and tends to select a model of territorial development based on the agglomeration theory; hence, neo-liberal policies are seen as insufficient or even damaging the prospects for balanced growth. The distinction, category by category, between the diagnostic and the prognostic framework will allow us to specify better the categories that are going to be part of the four discourses, thus making a more precise analysis.

2.2 The four discourses

In the first part of the chapter we have introduced, from a historical perspective, the four discourses that will be at the heart of the speech analysis, based on the discussion on the history of cohesion in chapter one. We have then discussed the four discourses from a theoretical perspective on what concerns the causal model at the heart of the analysis, following the literature review in chapter two. In this section, we are going discuss how these four discourses are going to be operationalized in the final analysis, i.e., which categories of the coding scheme are going to be part of each discourse, based on the theoretical definitions of the discourses themselves.

Solidarity discourse: operationalization

As we have discussed, the solidarity discourse originates from a conception of the Community which revolves around the concept of "Community of Common Destiny" (Dyson 2014). In such a Community, the Member States are considered to be politically equal, and solidarity between them is considered to be part of the contract that ties them together. Accordingly, the division between "net contributors and net recipients" or between wealthy and poorer Member States is seen both as a policy problem and as something that requires a correction. The same applies to the "market failures" and "industrial decline," both stemming from the economic integration of the Community that could create further economic and political division among and within the Member States. The critique to market integration is extended to the 'external sphere' as well, with the policy problems originating from "Globalisation." Cohesion policy and the EU budget are presented as a solution in correcting the pre-existing economic imbalances and those which are created from the economic integration. The budgetary policy in the solidarity discourse has two defining features: the budget must be a "generous budget" and being able to be used to redistribute resources within the Community, while at the same time it should be based on "Equitable budget contributions," by taking into account the different contributory capacity of the Member States; in this regard the "*juste retour*" mentality is considered a problem, since it asserts that the Member States should have a 'fair return', in terms of financial allocations from the Community, proportionate to their contribution to the EU budget. Both the preservation of the "European Social Model" and the creation of a "Social and market balance" within the Community are considered some of the ultimate objectives of European integration. These goals can be pursued through a Community social policy based on "Social inclusion," increased "Labour market participation," "Industrial reconversion" in the territories affected by industrial decline, and by a cohesion policy that pursues "equal opportunities for the regions" within the Single Market thanks to the "Concentration principle," a cohesion policy principle that allows to concentrate the Structural Funds in the poorer territories. Finally, for what concerns the relations among the Member States, the solidarity discourse emphasizes the negative effects of "Austerity" while encouraging unconditional "Financial aids" among the Member States.

Solidarity (prognostic) + Net contributors vs net recipients (diagnostic/prognostic) + Juste retour (diagnostic) + Equitable budget contribution (prognostic) + Generous budget (prognostic) + Austerity negative (diagnostic/prognostic) + Financial aids (prognostic) + Politique d'accompaignement (prognostic) + Industrial reconversion (prognostic) + Concentration principle (prognostic) + Industrial decline (diagnostic) + Welfare state crisis (diagnostic) + Market failures (diagnostic) + Unemployment (diagnostic) + Globalisation (diagnostic) + Equal opportunities for the regions (prognostic) + Concertation (prognostic) + Social and market balance (prognostic) + European Social Model (prognostic) + Social inclusion (prognostic) + Labor market participation (prognostic)

Table 3. Solidarity discourse, categories

Stability discourse: operationalization

Stability discourse, the cognate discourse to the one on solidarity, is based on a rival conception of the Community: the "stability community" originating from the creation of EMU and the legal provisions on stability enshrined in the Maastricht Treaty (Dyson 2014). In this community, economic asymmetries among the Member States are considered the results from different economic policies, and as such, depends on the decisions of the national authorities. Since a single currency, following the prescription of the optimum currency area theory, needs economic convergence to be a stable currency, the stability discourse focus on "Economic divergence" and "Structural issues" as policy problems that need to be solved. Especially structural issues are associated to the "Sovereign debt crisis," a specific narrative on the economic and fiscal crisis that has affected the EU in recent years, revolving on the responsibilities of a group of 'fiscal sinners' that is, by large, composed by the Southern European Member States. In regards to the EU policies, financial assistance to the indebted Member States is allowed, as a "benevolent compensation” when those Member States participates in economic integration projects such as the “Single Market” and “EMU.” This type of compensation must be transparent and managed by the national authorities (“national control”) instead of the regions: as discussed, the Cohesion Fund is an example of this conception. This type of management, in fact, allows the supranational authorities to use “political conditionality” on the recipients of the Funds and to link their disbursement to the respect of the “Stability-oriented policies” that are at the heart of this discourse. For what concerns the supranational policies, the stability discourse is against the transfer union and is in favor of a modest budget, seconding the logic of the “*Juste retour*.” The budgetary policy, then, is in favour of both “Budgetary discipline,” which means that the expenditures need to match the financial resources provided by the Member States, and “Budgetary constraints” which means that the budget needs to be a limited one, and it needs not to have the same functions of a federal budget. For what concerns the economic growth, based on a “Neoliberal” conception, this is largely dependent on the outputs generated by a competitive market (“Competitiveness”). “Market-based instruments” such as the European Investment Bank, would be a better fit to create regional development.

Neoliberal (prognostic) + Political conditionality (prognostic) + Juste retour (prognostic) + Benevolent compensation (prognostic) + Budgetary constraints (prognostic) + Budgetary discipline (prognostic) + National control (prognostic) + Single Market (prognostic) + Stability oriented policies (prognostic) + Competitiveness (prognostic) + Austerity positive (prognostic/diagnostic) + EMU (prognostic) + Market based instruments (prognostic) + Policy failure (diagnostic) + Structural issues (diagnostic) + Economic divergence (diagnostic) + Sovereign debt crisis (diagnostic) + Economic convergence (prognostic)

Table 4. Stability discourse, categories

Place-based discourse: operationalization

In the Community, the Barca Report in 2009 introduced the place-based discourse as a coherent narrative structuring the Community’s model of intervention to foster local development (Mendez 2014). Elements of this model, however, traces back to the late seventies and the early eighties, when the Integrated Mediterranean Programmes were implemented in the less developed regions of Europe and, later on, they became the blueprint of the 1988 cohesion policy. At the heart of this model, there is the “agglomeration theory.” According to this theory, trade liberalization can foster the concentration of economic activities in the territories that already have strong economic activity. A "supranational regional policy" then, is needed to create "endogenous growth" (through 'indigenous development') in the territories that are most affected by the opening of the national markets. Following the concept of 'place-based' prosperity, the concept of "integrated approach" structures the model of intervention: different financial instruments are targeting the same territory to combine their positive effects on development. At the same time, the "subsidiarity" principle demands that the level of government which is more proximate to the European citizens manages the development policies. Hence, the place-based discourse sees favorably both the "regional participation" to the EU decision-making and the "regional involvement" in the policymaking. From a policy perspective, the fundamental principles are the "partnership principle," the "programming" and the "additionality principle." Finally, the Barca report also advocates for a strengthened role, by the "European Parliament" in steering and monitoring the policy.

Agglomeration theory (diagnostic/prognostic) + Regional participation (prognostic) + Democratic accountability (diagnostic/prognostic) + EP legitimacy (prognostic) + Territorial cohesion (prognostic) + Subsidiarity (prognostic) + Supranational regional policy (prognostic) + Integrated approach (prognostic) + Regional involvement (prognostic) + Partnership (prognostic) + Additionality (prognostic) + Programming (prognostic) + Endogenous growth (prognostic)

Table 5. Place-based discourse, categories

Sectoral discourse: operationalization

The sectoral discourse centers around the idea of having "spatially-blind" policies, involving "sectoral funds to deliver EU objectives in research, energy, transport and climate change" (Mendez 2014). As such, this discourse revolves around a "European strategy" which is a direct response to European-wide policy problems such as "Low economic growth." As discussed, the sectoral discourse has two components. The first one is the 'sectoral co-operation,' an approach that emerged during the earlier stage of the Lisbon strategy, and involving the 'open method of coordination.' As such, it involves "Co-operation" among the Member States in implementing the reforms that can deliver "Economic growth." Since the mid-2000s, a "sectoral functionalist" discourse started to emerge with the 'strategic turn' of cohesion policy first and the "budget review debates in late 2008/2009) (Manzella and Mendez 2009, Mendez 2014). Following this discourse, cohesion policy is integrated in delivering the objectives of the European strategy by using "flexibility" – which allows to re-programme the funds' operations following strategic considerations – the creation of a "strategic framework" and the use of "thematic objectives" which are based on Europe 2020 in the case of the 2013 reform. Cohesion policy is also considered a "public investment policy" and, in this capacity, it supports the development of the Single Market; following the objective of a "smart economy," cohesion policy pursue the development of the Small and Medium Enterprises ("business friendly"). Finally, from a procedural perspective, the sectoral approach relies both on the "EU council" to steer the economic governance through instruments such as the European Semester, and on the "European Commission competence." The Commission is required to have power in monitoring and direct the use of the funds to achieve European objectives a grant that the national and regional operational programmes are consistent with the European strategy.

Distributive policy (diagnostic) + Added value (prognostic) + Public investments (prognostic) + European strategy (prognostic) + Business friendly environment (prognostic) + Strategic framework (prognostic) + Thematic concentration + Co-operation (prognostic) + Flexibility (prognostic) + Economic growth (prognostic) + EU council legitimacy (prognostic) + Commission competence (prognostic) + Low growth (diagnostic)

Table 6. Sectoral discourse, categories

2.3 How the analysis works: methodological issues

Some methodological aspects still need to be addressed. The first one is the type of analysis we are going to perform on the selected documents. The second one is to define the coding unit, i.e., the part of the speech upon which the analysis will be performed. Since the purpose of the speech analysis is to reconstruct only the policy preferences of the actors regarding cohesion policy, there are going to be parts of the speeches that are irrelevant. These segments are going to end up in a residual category. The final aspect we are going to discuss are the categories that are going to be part of the four discourses; we need, then, to address how we are going to create the coding scheme, starting from the speeches delivered by the key actors involved in the reform process.

Frame analysis

From a methodological perspective, there are many ways to approach the analysis of a document to extract data from it. Although there are some commonalities (see Antaki *et al.* 2002, Burman 2004 for an exhaustive discussion), four distinct approaches have been identified by Crespy (2015) who have arranged them on a continuum from positivist approaches, such as content analysis (Franzosi 2008, Budge 1987, Volkens *et al.* 2013) to constructivist ones, such as critical discourse analysis (Wodak and Fairclough 1995; Fairclough and Fairclough 2013). Among those, the frame analysis is an intermediate approach that better fits my research questions (Goffman 1974, Benford and Snow 2000, Béland 2005, Crespy 2015). According to Creed *et al.*, frame analysis is a technique that allows the researcher to understand what keeps together the ideational elements of discourse, and how those are "linked together into packages of meaning" (2002: 37). Discursive elements, usually "symbols and idea elements" (2002: 36), are analyzed in relation both to one another and the broader discourse. Frame analysis is, in a way, more structured than content analysis. The latter, in fact, works under the assumption that its constitutive elements can meaningfully reconstruct a discourse: after coding them, the researcher calculates the relative frequency of specific contents within the discourse (saliency) and use this as a descriptive measure of the substantive positions of a political actor, or, by proxy, of a political organization. There are, however, limitations in doing this. Say, for instance, that an actor widely discusses a theme only to neglect its importance: the saliency measure would be high, even though this is not what the actor is explicitly stating. The frame analysis can easily overcome this obstacle. This approach emphasizes the relationship between the elements; thus, it can describe the causal reasoning adopted by an actor. In a way, the underlying assumption under which this approach works is that there is more to a discourse than the sum of its elements. On the other hand, other approaches are way too structured for the research at hand. Critical discourse analysis, for instance, includes elements that are external to what is directly conveyed by the actor to his audience. The way in which the researcher identifies such components is based on theories on the nature of power and communication, that are directly incorporated in the analysis (see Antaki *et al.* 2002 for an exhaustive discussion). In contrast with this, frame analysis allows for more open-ended research.

Operationalization issues and coding units

The advantage that frame analysis has when compared with content analysis, corresponds to an obvious downside when considering its operationalization. According to Crespy, "it is extremely hard, if not impossible, to find specific indications of how to operationalize and empirically analyze framing processes" (2015: 107). The main issue concerns the definition of what constitutes a coding unit for frame analysis. Since its stated purposes there is small use for demarcated coding units, either natural (e.g., words, sentences, etc.) or pragmatic, as the quasi-sentence (Volkens *et al.* 2013) or the core-sentence (Kriesi *et al.* 2012). Pragmatic coding units consists in a statement where both a subject (a political actor) and an object (e.g., an issue position) are present; the way in which such policy position is elaborated, based on theoretical reasoning, is therefore excluded from the analysis. Take for instance the Manifesto Research: an argument such as "if we want freedom we need a strong army" is coded by the researcher as two quasi-sentences ("we want freedom" and "we need a strong army"). In this way, the relation between the two policy goals ("a strong army is necessary to achieve freedom"), and thus the theoretical reasoning, is lost in the analysis output (Klingemann 2006: 166).

Conversely, critical discourse analysis starts from elements that should be invariantly present in discourse and uses such grid to reconstruct the argument. Fairclough, for instance, considers an essential grid to be composed at least by circumstantial premises, goal premises, value premises and a claim for action (2013: 88). An intermediate approach is the one used by Gamson and Lasch (1983: 6, see also Creed *et al.* 2002) who create a signature matrix composed by discursive elements such as appeals to principle, metaphors, exemplars. Differently from CDA, these elements are not inferred from an analytical framework, but they naturally emerge from the discourse as part of its argumentative structure. Contrasted to quasi-sentences, these elements are not demarcated, so that meaningful causal relations between them can be retained in the output analysis. A more detailed discussion on how coding units are selected can be found in Annex A.

Elements of the speech

The third methodological aspect to consider are the parts of the speech that are not going to be coded according to the analytical framework outlined before. Since the corpus of documents that we are going to analyze consists in speeches that are not always entirely devoted to cohesion policy, there are going to be many parts of the speech that will not be used in the analysis. Notwithstanding this, it is a good practice to code every part of the document, in order to avoid selection bias (Antaki *et al.* 2002, Burman 2003). The residual category must include:

1) Elements of the speech that are not part of an argument, such as salutations, reiterations, thanks. etc.
2) Arguments related to issues that are not directly linked to cohesion policy, regional policy, European social policy and the economic governance of the EU. Such issues can be, for instance, environmental policy, Common Agricultural Policy, industrial policy, competition policy.

There are, then, parts of the speech which are not directly related to the causal reasoning of the actor (i.e., they are not part of the analytical framework) but that can be relevant for our analysis. Those are:

1. external references (epistemic): references to epistemic documents, such as external or Commission studies, academic papers, research books, statistics, etc. that are not detailed in the speech, but that constitute part of the argument.
2. external references (political): references to political documents, such as speeches, declarations, party manifestoes, position papers, etc.
3. external references (institutional/formal): references to formal/institutional documents, such

as treaties, referendums, covenants, etc.

Finally, there are elements of the speech that are not part of the argument, but rather ways in which the political author exhorts his audience. Benford and Snow (2000: 617) define these elements as "call to arms or rationale for engaging in ameliorative actions" and label them as motivational framing (see also Mills 1940).

Coding procedure and the coding scheme

The procedure that will be applied to code each speech is the following. The first phase is to distinguish whether if a discursive element is directly related to cohesion policy or if it fits in a different category. In the second case, the discursive element is directly labelled as 'residual category', 'motivational framing' or 'external reference' (either political or formal or epistemic). In the case the discursive element is directly related to cohesion policy, the analytical framework described in section 2.1 is applied. The categories of the analytical framework are exclusive so that each discursive element can be part of either the diagnostic or the prognostic framework. Once this first categorisation is completed, each discursive element is labelled once again with one of the categories. Categories express what the substantive content of the discursive element is about. Take, for instance, this discursive element from a speech by Jacques Delors:

La solidarité, nous en avons conscience dans notre Interdépendance, mais nous ne sommes pas assez solidaires. (Delors 1989a)

This call to principles would be coded as prognostic (under the prognostic framing) and the subcategory would be "Solidarity (value)."

3. Summary indicators

The type of analysis we have introduced in the previous sections can provide us with a detailed map of the thought-process of the political actor, which will be used to complement the congruence test. This analysis, however, is way too detailed to allow us to employ it in the research design I have described in section 1. Hence, the necessity to synthesize the information we will obtain from the frame analysis into some summary indicators that can be used to answer the research questions we have previously discussed. For what concerns the independent variable we are both interested in the substantive position of the actors on policy issues related to cohesion and regional policy, and how they frame the single categories. Both information will be used to create summary indicators that will be employed in the analysis of the reform. As mentioned before, we are concerned with the substantive contents of the communicative discourse of the key-actors involved in the cohesion policy reform. Within the research design, this information will allow us both to bridge the dependent and independent variable within the congruence procedure and to test the "stability" of the arguments that are adopted by the actors to frame the reform. Hence, what we need are indicators that will allow us both to measure the substantive positions of the actor at a given point in time and its variation over time. A second methodological issue regards the level of detail of the indicator. The frame analysis introduced in the previous section provided us with a 1:1 map; now we need aerial photography. A more detailed discussion of the summary indicators that will be employed in the analysis is present in Annex A.

4. Data selection

While a more detailed discussion on data selection with regards to specific procedures will take place in Annex A, in this section, I will outline the data selection strategy with an eye on the research design. In this sense, data selection must consider both the substantive research questions and the nature of the summary indicators we will employ in the analysis. Concerning the hypotheses, data selection will consist of the speeches by two Presidents of the European Commission, Jacques Delors (1985-1994) and José M. Barroso (2010-2013), and four Regional Commissioners, Alois Pfeiffer (1985-1986), Peter Schmidhuber (1987-1994), Bruce Millan (1990-1995) and Johannes Hahn (2010-2015). The timeframe considered for data selection will be three years before the approval of the final reform, which can be regarded as a reasonable period to study the decision-making process in its ideational development (Schmidt 2013). Figure 1 displays the list of actors and the collected speeches according to the reform episode. A second concern is the number of speeches. Concerning the 2013 reform, the speeches are collected directly by the Commission and available online; the list, therefore, should be exhaustive (more on this in Annex A). Concerning the 1988 and 1994 reform, the speeches are only available in the archives of the Commission, in Bruxelles. This collection is based on individual contributions.

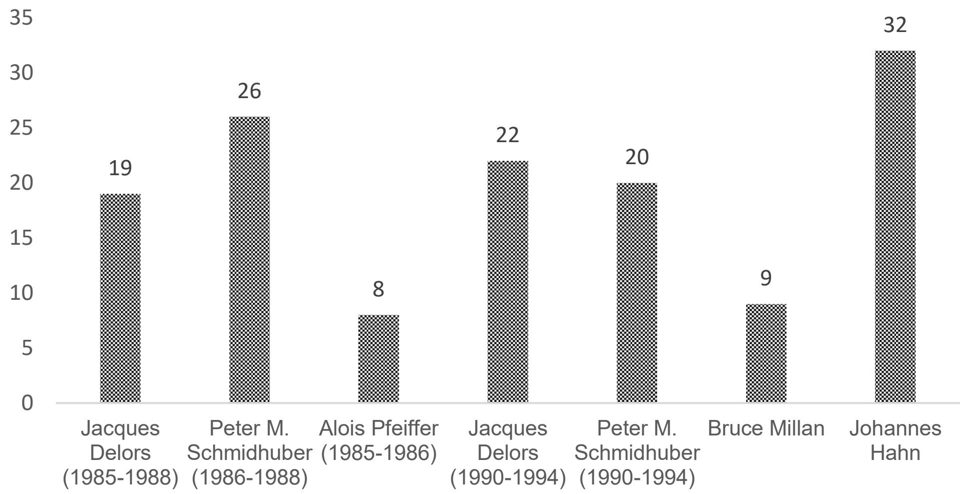

Figure 2. Number of speeches by actor.

As such, it is not as complete as the last episode of reform. This leads us to the third concern, which is the comparability among speeches, and their representativeness concerning the typical reasoning and the substantive beliefs of the speaker. The speeches I have collected range from two pages to thirty pages. Considering the type of analysis we are going to perform, it should be clear that a minimum amount of contents is needed to be able to describe the rationality of the actor. Figure 1 displays the number of speeches that we are going to analyze to reconstruct the independent variable in the fifth, sixth and seventh chapter.

5. Summary

In this chapter, we have outlined our research strategy to demonstrate the congruence between the actual institutional development of cohesion policy and the ideas of the key-actors in the Commission. While the former will be analyzed in the next chapter, the analysis of the ideas will be divided between the last three chapters.

Chapter IV. Cohesion policy and inter-territorial solidarity

In the previous chapters, we have discussed the literature considering cohesion policy as a meaningful expression of EU solidarity. In this chapter, we will turn the concept of inter-territorial solidarity into an empirical measure. After having clarified, from a theoretical perspective, what inter-territorial solidarity is, we will use original data from the different reforms of cohesion policy (1988, 1993, 1999, 2006, 2013) to measure how the policy has changed concerning the ideal-type of inter-territorial solidarity. To do this, we will rely on the fuzzy-sets method presented in Annex B. Substantially, fuzzy-sets will allow us to turn the concepts and the "raw measures" introduced in the first part of the chapter into an empirical measure of inter-territorial solidarity. This, in turn, will provide us with a dependent variable that will be used to perform the congruence test that we have introduced in the previous chapter.

1. Cohesion policy from the perspective of inter-territorial solidarity

The concept of inter-territorial solidarity is crucial to understand the workings of cohesion policy in relation to the EU as a polity-in-the-making. It is not uncommon, in modern-day federations, to redistribute fiscal resources among states or territories. This type of redistribution can be ascribed to the concept of federal solidarity or inter-territorial solidarity. Federal solidarity, on the one hand, operates a direct inter-state redistribution through fiscal equalization systems, along with interpersonal redistribution through social policy (Bauböck 2017: 98). Inter-territorial solidarity, on the other hand, is a concept that has been used to characterize redistribution in plurinational states (Van Parijs 2004, Keating 2009) and, by extension, the EU and cohesion policy (Mueller and Keil 2013). Starting from what they have in common, both federal and inter-territorial solidarity can be distinguished from other forms of solidarity because they are exerted on a collective basis, with the recipients being defined by their common belonging to a geographical space (Mueller and Keil 2013: 126). As such, this form of solidarity is akin to the concept of "place-prosperity," which refers to the idea of "improving the welfare of deserving people defined by their spatial proximity in spaces" (Wynnick 1966, Bolton 1992: 187). Cohesion policy is, at its core, an expression of inter-territorial solidarity. As we have seen in the first chapter, in fact, cohesion policy expresses this type of solidarity on two different levels (Van Middelaar 2013: 266). The first level emerges in the initial decision-making phases, because of the fact that both wealthy and (relatively) disadvantaged Member States contribute differently to the EU budget: since, in proportion, the former are contributing more while the latter are receiving more from EU expenditure, the contribution system gives way to a division between net-recipients and net-contributors to the EU budget. Inter-territorial solidarity also emerges at the level of policy outputs and implementation: since cohesion policy is not a "simple instrument of redistribution" between the Member States, regions that are part of wealthy Member States can also be among the recipients of cohesion policy. Therefore, on aggregate, inter-territorial solidarity creates a redistributive pattern between net-contributors and net-recipients; it also operates at implementation level in a more encompassing way, since every NUTS 2 region, potentially, can be a beneficiary of inter-territorial solidarity.

Cohesion policy has undergone four reforms since its creation in 1988. Given both the relevance of cohesion policy in the EU policy context and the relevance of the concept of inter-territorial solidarity concerning the EU polity-building, it is worthy to analyze how cohesion policy has changed in relation to the concept of inter-territorial solidarity if this is the case. As we have seen in the second chapter, the scholarly literature studied cohesion policy from many different angles. For what concerns inter-territorial solidarity, however, there are only a few studies that deal with the way in which cohesion policy embodies the concept; moreover, to our knowledge, no study tries to measure the diachronic evolution of cohesion policy from this perspective. To perform this task, we need first to create a coherent and rigorous conceptual framework able to grasp the dimensions which are constitutive of the ideal-type of inter-territorial solidarity. The first question, then, is: what constitutes, from an ideal-typical perspective, inter-territorial solidarity? The second thing we need to ask is: how well, from an empirical perspective, EU cohesion policy compares to this ideal-type? And how it has changed through the period 1988-2013? To answer these questions, we will first elucidate, from the perspective of empirical political theory, what are the constitutive dimensions of inter-territorial solidarity. We will then discuss a way to measure these dimensions and turn them into fuzzy-sets to have a three-dimensional spatial depiction of the reform process. By the end of the chapter, we will have a useful "yardstick" to measure, in an objective way, how cohesion policy changed in the 1988-2013 period for what concerns its capacity to epitomize the concept of inter-territorial solidarity.

1.1 Inter-territorial solidarity in the EU: a conceptual framework

Most of the modern-day federations have in place fiscal mechanisms that allow their citizens to enjoy a certain standard of living regardless of the territory where they live in (Blöchliger *et al.* 2007). These mechanisms are called "fiscal equalization system." As we have seen in the first chapter, cohesion policy is not a fiscal equalization system, and it was not intended to be one when it was first created. Yet, cohesion policy and fiscal equalization systems have two relevant things in common. First, they are designed to deal with the social and economic issues ensuing from a skewed distribution of fiscal resources that is usually present in a federal polity or an emergent multilevel polity such as the EU. Second, they both operate a horizontal redistribution between the constitutive elements of the polity, be them states, cantons, *länder* or member states as in the case of the EU. Moreover, according to Mueller and Keil (2013), both fiscal equalization systems and cohesion policy share an ideational basis, which is the concept of inter-territorial solidarity. We already discussed how inter-territorial solidarity could be distinguished from other non-collective, non-territorial forms of solidarity. Now we want to consider, in a more precise way, what are its constitutive dimensions.

The first task at hand is to acknowledge how inter-territorial solidarity is influenced by conditions that are specific to certain polities. In this regard, the concept can be better understood when contrasting “solidarity between peoples” with “solidarity within one people” (Van Parijs 2004: 165-166, Keating 2013: 159). According to Van Parijs, the latter is characterized by a “counterfactual reciprocity”: “solidarity within one people” requires the donor to believe that he or she “could have been” in the position of the recipient and, second, the donor needs to “trust” that there would be reciprocity if he or she were in the position of the recipient. The element of “trust” is fundamental, then: according to Van Parijs, trust cannot be based but on a shared identity and on common cultural values that allow reaching an agreement on what constitutes solidarity and its specific applications. Miller, in defending a strong liberal nationalist thesis, also recognizes that a “shared sense of identity” is a *conditio sine qua* non to foster solidarity among a group (Miller 2006, cf. Kymlicka 2001, Levey 2008). As a matter of fact, in a community that has developed a sense of common identity, the appeal to political unity can easily trump immediate economic interests: “Germany (…) has been politically united against the economic determinants as such (…) [when] economic tensions arise (…) if the political bond is once created, it is very often, so incomparably stronger that under otherwise favorable conditions nobody would even think of political separation because of such economic tensions” (Weber 1978: 913, cf. Loobuyck and Sinardet 2017). Conversely, “solidarity between peoples” is not based on the same shared cultural norms and values, and hence, it has a fundamental problem of trust. This, in turn, has the potential to invalidate solidarity itself, and ultimately, can pose a threat to the very existence of the political entity. However, even when lacking a strong shared identity, a composite or plurinational polity still needs solidarity. While discussing the case of Belgium, Van Parijs observes “if one of the (…) communities is doing so badly that it qualifies as needy, solidarity across communities is called for” (2004: 166). This type of solidarity is “residual” when compared with “inter-individual solidarity within one people,” but it is still very relevant. To see why we must consider how this specific form of solidarity emerges.

The emergence of inter-territorial solidarity

Miller (2017: 70) reviews five theories that explain the emergence of solidarity as a societal attitude: among these, according to Miller, the strongest two are the “expanding circle theory" and the "interdependence theory." The former theory postulates that the first bonds of solidarity are created within the sphere of kin, where individuals share strong familial bonds and, hence, a recognizable common identity (see also Weber 1946: 329). From this first circle, through a rationalization process based on a mutual recognition, solidarity expands to other, more encompassing circles: to the member of the same social class, the same gender, the fellow countrymen and so on. This theory, then, can explain the development of "solidarity within one people," but it is not equally fit in explaining how solidarity emerges in a community that does not share a potentially strong common identity. The second theory, however, can provide an adequate explanation to explain the emergence of solidarity in this type of context. According to this theory, what brings together individuals in modern, highly specialized societies is not their similarities but rather their differences: if these differences are organized in a way that is conducive to increased collective wealth, individuals within the same society develop a sense of mutual concern. In this way, they can be able to form a "community of fate" (Banting and Kymlicka 2017: 35) which consist in the implicit agreement of mutual protection "from accidents and losses that are outside their control" (Miller 2017: 63). According to Miller, the extent of such protection varies according to the "degree of solidarity" that exists within the "community of fate." What distinguishes the solidarity that is created in a "community of fate" is that it is different both from simple reciprocity — that is to say, it does not assume that the assisted will be able to reciprocate "in kind" — and from "unconditional altruism" — insofar the donor can still expect something in return.

The EU, as a composite polity, resembles a "community of fate" more than a unitary polity based on a strong shared identity. According to Dyson (2014), the EEC emerged as a *schicksalsgemeinschaft* (community of a common destiny) after the Second World War forced the European leaders to rethink the way in which they interacted; this qualitative change in state relations within Europe was encapsulated in the increased cooperation that the Common Market brought about. According to Ferrera and Burelli (forthcoming: 4), starting in the seventies, the Member States began to acknowledge the increased interdependence of their economies. The Community was developing "emergent properties" that were making it "irreducible and irreversible," meaning that the Community was more than the sum of its part and that the

Member States could not exit the Community the way they entered it. These ontological implications, according to Van Middelaar (2013: 81) were made clear to the six founding Member States after the empty-chair crisis in the mid-sixties, and resulted in a "qualitative leap" in the way in which the Six related one to the other and in the way they perceived the Community itself. According to Ferrera and Burelli (forthcoming: 3), these emergent properties resulted, rather than from a common identity, from "shared forward looking objectives and modes of governance," and had the effect of "creating an inclusive context aimed at nudging citizens and group leaders towards a 'fraternalism' that transcends the mere quid pro quo logic." Concerning inter-territorial solidarity, what resulted was the emergence, in the mid-seventies of a "neighborhood community" which was "underpinned by a cooperative and solidaristic belief system." This state of affair, according to Dyson, started to change after the Treaty of Maastricht introduced a new type of relations among tMember States. Along with the pre-existing "community of fate," a *stabilitätsgemeinschaft*, a "community of stability," emerged as a consequence of EMU. While EMU increased the interdependence of the Community exponentially, now a Union, new institutions aimed at preserving and fostering financial stability were created after the specific preferences of a group of "creditor" Member States. These preferences were based on the "sound money and finances values of (…) Germany" which also dictated where to draw the boundaries of solidarity among the Community: "the EU is not a transfer union (…) its solidarity is one of individual effort by Member States to comply with rules that are designed to ensure long-term debt sustainability. Solidarity has to be earned" (Dyson 2014: 41). The recent sovereign debt crisis confirmed this pattern. According to Hall (2017: 223), the EU did not react to the crisis "as if the continent were a common community of fate" but rather "creditor countries led by Germany responded in terms that gave priority to their own national interests." At the same time, "pronouncements that laid the blame for the crisis on the debtor countries fed popular stereotypes of 'lazy Greeks' that evoked longstanding images of undeserving poor."

What can we gather from this characterization of the EU? First, that the EU is not, at least not prevalently, a Community based on "one people." Hence, when it comes to solidarity, this is not grounded in a "strong common identity," and therefore it is exerted in forms that are, for the most part, specific to other types of solidarity. Second, the EU is more than the sum of its components, its Member States: it is a "community of fate" characterized by a strong interdependence that is at play in the relations among the Member States. This, on the one hand, differentiates the type of solidarity that is practiced within the EU from solidarity "with a group of people" (O'Neill 1996: 201), such as the humanitarian aid that the EU provide in major crisis areas, since there are expectations of reciprocity. These expectations, differently from solidarity "among a group of people," are not based on a common identity and the predisposition to trust that this entails, but rather are grounded in "shared forward looking objectives and modes of governance." On the other hand, the interdependence that is at play creates the need for inter-territorial solidarity, which historically emerged as a way to stabilize the cooperative relations among States and as a way to better achieve the economic objectives that this community of fate was pursuing. Third, and again from a historical perspective, something changed after the creation of EMU: the values of a group of Member States were embedded in a set of EU institutions, while at the same time the implicit criteria of desert that underpins the EU solidarity started to change. These are the fundamental elements that inter-territorial solidarity, as an ideal-typical construction, should be able to grasp.

1.2 Inter-territorial solidarity in the EU: three constitutive dimensions

As we discussed, the EU solidarity is conceived as an intermediate form between the non-reciprocal altruism that characterizes the univocal "solidarity with a people" and the identity-based, reciprocal, "solidarity among a people" type. The close we can get to grasp the solidarity that is typically exerted in the EU is given by the "solidarity between people" type (Van Parijs 2004) when practiced within a "community of fate" (Dyson 2014, Miller 2017) that also has "shared forward looking objectives" determining the nature of the reciprocity (Ferrera and Burelli, forthcoming). Conditionality can also play an essential role in this type of solidarity, by creating a contractual relationship between the donor and the recipient. Starting from this, what are the constitutive dimensions of the inter-territorial solidarity ideal-type?

Eligibility

According to Miller, solidarity implies "at the very least" that the "group is responsible for ensuring that no member should fall below some locally-defined threshold of neediness" (2017: 64). This criterion defines "who" is eligible to receive the assistance that solidarity provides. As discussed in the first chapter, the introduction of regional policy in the EU followed the creation of the Common Market, and the Single Market later. The rationale to intervene through regional policy first, and Cohesion policy later, was to create similar starting conditions among the European regions to be able to compete in the Single Market. On this basis, the regions which were disadvantaged when entering the market were considered deserving of solidarity from the EU. In the case of cohesion policy, Leonardi (2005: VII, see also Leonardi and Holguin 2016: 431-433) considers "concentration" the cohesion policy principle that best approximates the concept of "mutual solidarity." As a matter of fact, the first recital of the 1988 regulation spells: "whereas Article 130a of the Treaty provides for the Community to develop and pursue its actions leading to the strengthening of its economic and social cohesion and in particular for it to aim at reducing disparities between the various regions and the backwardness of the least-favoured regions." The recital clearly defines a solidaristic orientation based on a "locally-defined threshold of neediness" (Miller 2017: 64), and the rationale for redistribution, which is "[to reduce] disparities between the various regions" and reducing "the backwardness of the least favored regions"; it is then, fully compatible with the definition provided by Miller and can be empirically investigated as such.

Redistribution

The second semantic dimension of inter-territorial solidarity concerns the principles that regulate the basic distribution of resources among the members of a group or between two or more groups that are part of a "community of fate." According to Miller, "solidarity has some implications for the way in which resources are distributed," which implies that communities of fate need to put limits on inequalities. Those limits are defined by three alternative substantive criteria regulating the redistribution of resources within the community. Of these, the second one is the more fit in describing the kind of redistribution that is performed by cohesion policy: “no member should get more unless other members also benefit to some extent from inequality that is thereby created” (Miller 2017: 64). In the case of the EU, the rationale for increasing the solidarity among the Member States and territories emerged after the creation of the Single Market. The subsequent “potential mobility and other interdependences” called for a “fair distribution of external resources (…) across the borders of states (…)” (Van Parijs 2004: 177, Bauböck 2013). Moreover, the policymakers explicitly acknowledged the possibility that not every Member State would have benefitted from the Single Market equally, and some could even have faced some short-run economic and political distress. Cohesion policy, then, allowed for every participant to benefit from further market integration. In achieving these results, there can be different substantive criteria to allocate the funds, defined by the principles underpinning the policy; the literature on cohesion policy has highlighted how, in the past decades, the policy has substantially changed in this regard. The policy was introduced in 1988 with the objective of creating a “normal opportunity range” for the less-developed regions to be able to compete in the single-market (Leonardi and Holguin 2017). In this sense, the European Commission has repeatedly denied that cohesion policy is a redistributive policy; notwithstanding this, it is widely acknowledged that “the Structural Funds are able, politically, to serve as a vehicle for inter-territorial redistribution” (Keating 2013: 161). In this second capacity, cohesion policy can be conceived as “a social policy designed to alleviate the negative consequences of market integration” (Leonardi and Holguin 2017), and hence analyzed as a policy instrument that allows for redistribution of income to take place among different EU regions.

Conditionality

The last semantic dimension concerns conditionality. Miller (2017) characterizes the inter-territorial solidarity that emerges from a community of fate as “not unconditional” since some form of reciprocity can be expected. This, as discussed, does not consist in the “reciprocity in principle” that characterizes the “solidarity among one people”; instead, it is related to the element of “interdependence that stems from the “forward looking” pursuing of “shared objectives" (Ferrera and Burelli, forthcoming): there can be, then, some conditions under which solidarity between people is possible, which are related to the pursuit of these objectives. The second source of conditionality can instead emerge from the dominant values in the Community. As discussed, after Maastricht a *stabilitätsgemeinschaft* emerges and it is shaped by the values of a group of states led by Germany (Dyson 2014). During the sovereign debt crisis, these values are held as a normative yardstick to judge the behavior of debtor Member States, which are characterized as "lazy" (Hall 2012).

In explaining the general attitudes towards solidarity and the emergence of conditionality, both identity and behavior are considered relevant (Van Oorschot 2000: 36). On the one hand, "identity" refers to "the identity of the poor, i.e., their proximity to the rich or their 'pleasantness'": the more similar the least-advantaged are to the wealthy in the perception of the latter, the more they are considered deserving of solidarity. In the case of cohesion policy, this identity could be measured concerning adherence to the values of "sound money and stability" that are introduced after Maastricht. On the other hand, the recipients' behavior is also considered in the form of "people's control over their neediness, or their responsibility for it": when the least advantaged are considered culpable for their situation, they are considered less deserving of solidarity. There is plenty of empirical evidence that confirms that similar considerations were at play during the sovereign debt crisis: the characterization of the crisis as a moral play between "northern saints and southern sinners" (Matthijs and McNamara 2015, Dyson 2014) which resulted in a characterization of the Southern Member States, Greece in particular as "lazy," evoking "longstanding images of undeserving poor" (Hall 2017: 223).

To briefly recap, the inter-territorial solidarity type can be semantically divided into three distinct dimensions. The first one is eligibility, which defines "who" needs solidarity. The second dimension is redistribution, which defines "how" resources are distributed among the eligible Member States and regions. The third dimension is conditionality, which defines the obligation that net-recipients need to fulfill in their relationship with net-contributors.

2. Inter-territorial solidarity dimension: eligibility, redistribution and conditionality

In this section, we will produce empirical indicators that can operationalize the concepts which were previously discussed from a theoretical perspective. The ideal-type of inter-territorial solidarity, unbundled into its three semantic dimensions, will be used to measure how cohesion policy has evolved throughout the 1988-2013 period. To perform this task, we will rely on the fuzzy-sets method described in Annex B. The remainder of the section will be organized as follows: we will first examine how each semantic dimension can be turned into an empirical indicator that is consistent with the proposed theoretical framework. This exercise will provide us with three "raw measures," which will be then turned into fuzzy-sets measures. This operation will allow us to arrange each semantic dimension on a three-dimensional analytical space that can be used to measure how cohesion policy has transformed in its capacity to provide inter-territorial solidarity throughout its reforms.

2.1 Eligibility

As discussed, eligibility defines "who" deserves solidarity; it is, *prima facie*, the most straightforward of the three dimensions, since the EU law explicitly regulates the "eligibility criteria" that cohesion policy recipients need to fulfill to receive various forms of assistance. In this regard, eligibility criteria are defined in geographical terms: territories, and not individuals, are eligible. Many priority objectives can be financed under cohesion policy, and eligibility criteria vary across different objectives. In the 1988 regulation, for instance, the first substantive criterion is based on the average regional per capita GDP as a percentage of the average Community income (Objective 1 and 2). The second criterion is based on the objective socio-economic conditions of the regions, such as their geographical relation to Europe's mainland or low density of population in rural areas. This criterion, subsumed under the objective of territorial cohesion, served as a basis for objective 5a, 5b and the INTERREG initiatives (Faludi 2010). Territorial cohesion, however, has only an indirect link with the concept of inter-territorial solidarity: the main concern in pursuing these initiatives is to maintain the EU spatially cohesive. In this regard, the first criterion, based on per capita income, is more interesting: as already mentioned, objective 1, 2 and 3 were based on the concentration principle, which, according to Leonardi (2005, see also Leonardi and Holguin 2016: 431-433), is the cohesion policy principle that best approximates the concept of mutual solidarity. The first recital of the 1988 regulation spells: "… the Treaty provides for the Community to develop and pursue its actions leading to the strengthening of its economic and social cohesion and in particular for it to aim at reducing disparities between the various regions and the backwardness of the least-favored regions." The recital clearly defines a solidaristic orientation based on a "locally-defined threshold of neediness," and the rationale for redistribution; it is, then, fully compatible with the concept of inter-territorial solidarity and can be empirically investigated as such. We will consider objective 1 regions to operationalize the ideal-type of inter-territorial solidarity, since the definition of objective 1 remained stable over time, thus allowing to draw an analogy between the five reforms that occurred in the period considered (see Annex B). As a matter of fact, throughout the 1988-2013 period, objective 1 regions were those regions "at NUTS level II whose per capita GDP, on the basis of the figures for the last three years, is less than 75% of the Community average."

The fact that the 75% threshold was left unscathed by the reform process does not mean that eligibility criteria have remained substantially the same. To understand how the accessibility to cohesion policy has changed, we must focus on the second part of the provision: the "average GDP of the EU." Between 1988 and 2013, the EU has increased the number of members from 12 to 28. Except for the 1995 enlargement, new Member States were considerably poorer than the EU average. Arguably, subsequent enlargements have affected GDP levels in the EU in a non-linear way. Particularly relevant to us is the fact that regions that needed assistance in 1988 could have been crowded-out by the arrival of poorer regions. This phenomenon, described as the "statistical effect" of the Eastern Enlargement, is well known to the EU policymakers (COM 2004: XXVIII, Statistical effect regions 2003) and to the cohesion policy literature (Bachtler *et al.* 2016, Begg 2003). After any territorial enlargement, the composition of the GDP of the EU changes while the objective socio-economic conditions that prompted the creation of cohesion policy remain the same. Subsequently, the relative position of the "original" objective 1 regions in EU15 compared to the EU27 average has changed too, and these regions risked to lose their "objective 1" status "on statistical grounds alone" (Bachtler *et al.* 2016: 488). This state of affair can be considered an instance of "policy drift": a misalignment between the policy instruments and a policy's stated goals that occurs when external conditions changes and policy instruments are not updated to face the changing circumstances (Streeck and Thelen 2005, Hacker *et al.* 2013). Following the literature, an instance of policy drift may have occurred here. When the average GDP of the EU decreases as an effect of the enlargement and the eligibility criteria do not adjust, cohesion policy becomes less accessible, and *vice versa*.

Table 7 shows the estimate (see Annex B for the technical details) of the "policy drift effect" in terms of lesser accessibility for each reform failing to adjust the 75% threshold to successive enlargements. In 1993, the first reform of the policy created the regulation for the period 1994-1999. At the beginning of this period Eastern and Western Germany reunited. In 1995, three new Member States entered in the EU: Austria, Denmark, and Sweden. While Eastern German Länder per capita GDP was sensibly lower than the EU average, the average per capita GDP of the new Member States was consistently higher. As a result of the "statistical effect," the average per capita GDP of the EU became higher on the statistical ground. To adapt to the new circumstances of the enlargement, the 75% threshold should have been adjusted to 74.4%.

As a consequence of the drift, the 1994-1999 cohesion policy's eligibility criteria are slightly less stringent: a measure of accessibility, given by the factual eligibility criterion minus the counterfactual one, is 0.63%. The subsequent enlargements, all toward Eastern Europe, had the opposite effect. The more significant adjustment should have been in 1999 when the EU was preparing to the first Eastern enlargement.

YEAR	AVG GDP New Members	AVG GDP Factual	AVG GDP Counterfactual	Eligibility CF	Accessibility
1988	/	10615.5	/	/	0
1993	15998.9	15259.0	15131.4	74.37%	0.63%
1999	4873.1	19845.6	22781.4	86.09%	-11.09%
2006	2889.4	21457.9	22514.7	78.69%	-3.69%
2013	10278.0	24942.5	25056.2	75.34%	-0.34%

Table 7. Eligiblity criteria corrected to successive enlargements of the EU. Original data.

Nine member states, whose average per capita GDP was 4873.1 € in the period 1996-1998 entered the Union. This event lowered the average per capita GDP in the EU sensibly, as a comparison between the factual and counterfactual averages shows: the difference between the two can be estimated in a loss of 2935.8 €.

Accordingly, the 75% threshold should have been adjusted to 86.09%: the lack of adjustment resulted in less accessible cohesion policy, as the accessibility measure shows. The same can be said for the next two rounds of reform: the subsequent enlargement to Bulgaria and Romania (2007) and Croatia (2013) would have required a slight adjustment to 78.69% in the 2006 reform and 75.34% in 2013. Ceteris paribus, the enlargement and the failure to adjust combined, produced a slightly less accessible cohesion policy for those regions that otherwise would have benefitted from economic convergence funding.

Eligibility: fuzzy-sets measures

Eligibility, as we have seen, is a condition that measures cohesion policy accessibility. For what concerns objective 1 regions, the 75% threshold that was first established with the 1988 reform has never been changed; however, we observed how successive enlargements had made the same criterion "less accessible" to "original" objective 1 regions on the basis of a "statistical effect." In the previous section, we have provided a "raw measure" of how eligibility has changed throughout the whole reform. To put this transformation in relation with the other two dimensions of inter-territorial solidarity – redistribution and conditionality – we need to translate the "raw measure" into fuzzy sets, following the calibration process detailed in Annex B. Table 8 displays the final fuzzy-sets measures for eligibility, showing how cohesion policy changed through the whole 1988-2013 period.

YEAR	Eligibility
1988	0.5
1993	0.6
1999	0.1
2006	0.32
2013	0.48

Table 8. Eligibility dimension, fuzzy values

Figure 3 displays the evolving trend from 1988 to 2013. The "0.5" theoretical value distinguishes “non-accessible” from “accessible” cohesion policy. As we can see, the 1988 reform was slightly above that average. The 1993 reform, thanks to the accession of wealthier Member States, further raised up the accessibility of cohesion policy, making it relatively easier for a region to be below 75% of the EU average. The situation changed in 1999, with the first Eastern Enlargement: with this event, the global EU GDP was lowered sensibly, due to the lower income in the Eastern European Member States.

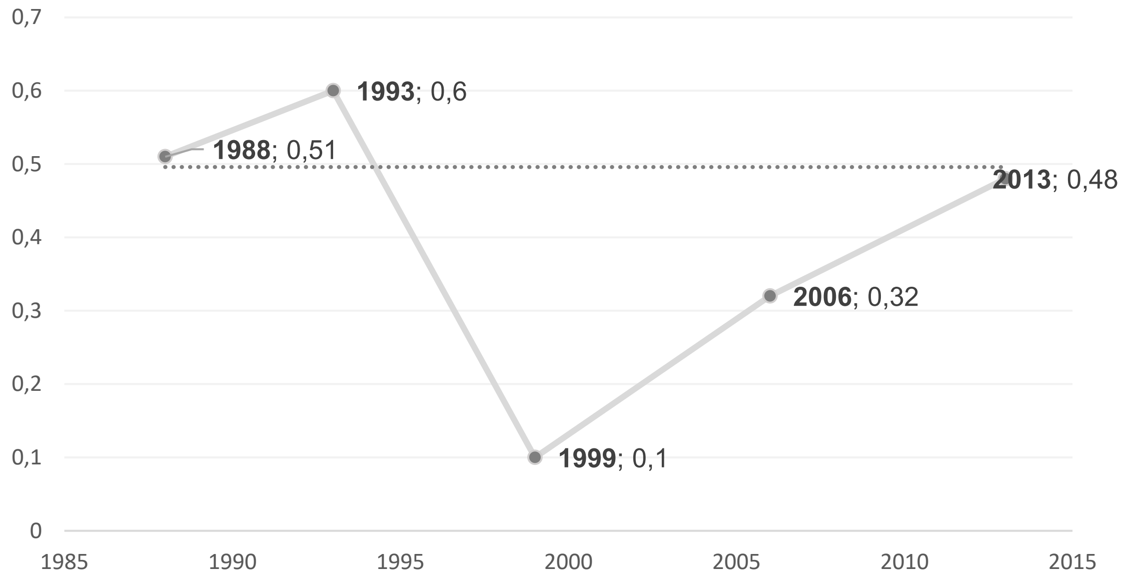

Figure 3. 1988-2013 cohesion policy reforms' eligibility

Since the 1999 reform did not adjust the 75% criterion to the changing economic situation, the resulted in less accessible cohesion policy. This outcome was discussed by Lindner (2005: 209), that observed increased divisions between “old versus new beneficiaries of regional expenditures”: “current beneficiaries want to prevent an abrupt ending of transfers to their poor regions and demand compensation should their regions lose out as a result of transfers to the new member states.” The same problem was present also during the 2006 reform when the reform of cohesion policy was explicitly discussed in function of the recent Eastern Enlargement. Among the critiques to the possible “retention of the existing policy approach,” the argument was put forth that, in this event, “EU15 regions would lose eligibility because of the ‘statistical effect’” (Bachtler *et al.* 2016: 392). In line with the counterfactual estimation here presented, Bachtler *et* *al.* observe how the “statistical effect” “could be mitigated by raising the Objective 1 eligibility threshold to 86-87 percent of the EU average.” In the end the situation was solved by conceding “reasonably generous transitional provisions” to the poorer regions of the EU15, while not adjusting the eligibility criteria: an expedient deemed to be “fair” both by the new and “old” cohesion policy recipients (Bachtler *et al.* 2016) that ultimately did not solve the contradiction. However, as a consequence of the rising GPD in Eastern European countries, the 2013 “75% threshold” realigned with that from the 1988 reform, even if slightly lower than the 0.5 theoretical threshold.

2.2 Redistribution

The dimension of redistribution measures “how” resources are allocated among eligible regions. As discussed, there can be different substantive criteria to distribute the funds, depending on the principles underpinning the policy; the literature on cohesion policy has highlighted how, in the past decades, the policy has substantially changed in this regard. The policy was introduced in 1988 with the objective of creating a “normal opportunity range” for the less-developed regions to be able to compete in the single-market (Leonardi and Holguin 2017). In this sense, the European Commission has repeatedly denied that cohesion policy is a redistributive policy; notwithstanding this, it is widely acknowledged that “the Structural Funds are able, politically, to serve as a vehicle for inter-territorial redistribution” (Keating 2013: 161). In this second capacity, cohesion policy can be conceived as “a social policy designed to alleviate the negative consequences of market integration” (Leonardi and Holguin 2017: 431). In this sense, it is important to notice how, especially since the “strategic turn” mentioned in chapter 2, cohesion policy has pursued specific social inclusion objectives by earmarking the Structural Funds. Since the thesis is concerned exclusively with the supranational policy outputs, this section will focus on the inter-territorial redistribution and not on the specific social objectives promoted by the policy: in the case of the latter, in fact, the Member States and regions have significant discretion in deciding how to allocate the funds (Fargion and Profeti 2016).

Table 9 shows some descriptive statistics on the funds over the period 1988-2020. In absolute terms, expenditure for Objective 1 regions, as defined by the 75% threshold, have linearly increased over the years. This, however, cannot be considered as a direct measure of the redistributive capacity of cohesion policy. It was not, in fact, just the allocations that have increased over time but also the number of the regions funded; this, arguably, as an effect of the successive enlargements. If we consider average per capita expenditures, we can get a better depiction of the phenomenon: an average citizen residing in an objective 1 regions would get more in the current (2014-2020) financial framework than with the first one (1988-1993). Except for the second programming period (1994-1999), the growth has been linear. Concerning the last reform, however, something that is worth notice is that, even if the average funding is higher than in the past, the geographical coverage has been reduced: from 95 regions in 2007-2013 to 67 regions in 2014-2020.

Period	Obj. 1 Allocations (total)	Regions covered	Avg. per capita expenditure (€.)
1988-1993	7,343,850,000	40	196
1994-1999	48,008,272,000	56	699
2000-2006	74,301,784,221	87	600
2007-2013	98,629,236,922	95	644
2014-2020	103,655,592,700	67	1038

Table 9. Cohesion Policy expenditures, 1988-2013 (EC data)

This descriptive measure, however, fails to grasp the relation between the distribution of funds and the available income. A possible way to measure this relation is by considering the correlation coefficient between regional allocations in terms of per capita share (only among eligible regions) and average per capita GDP at NUTS II level, as shown in table 9. The trend is analogous to the one displayed by the eligibility dimension in its counterfactual reconstruction. In its initial phases, cohesion policy was strongly redistributive, with the 1988 and 1993 reforms showing a negative correlation: the more the per capita GDP, the less the funds. According to Laffan and Shackleton, in this period, the Iberian enlargement "proved a powerful peg for the Commission to develop a strategy on redistribution" (2000: 219, see also Bachtler *et al.* 2016). The 1993 reform confirmed this trend, in part because of the Maastricht Treaty: EMU was expected "to increase … the heterogeneity among member states" (Lindner 2006: 85). The situation started to change with the 1999 reform when the redistributive capacity of the policy plummeted. Foreseeing the future eastern Enlargement, Agenda 2000 proposed to reduce cohesion policy coverage by 11 to 16 percent, to achieve greater concentration and to better intervene in poorer regions. However, according to Bachtler *et al.* (2006: 328), "it is questionable how far concentration was achieved": on the one hand, net contributor countries did not want to contribute more, while net recipients "were not prepared to see … their receipts cut." The resulting "provisions for the acceding countries were at a much lower level than for the EU15," even though the new Member States had a much lower per capita GDP (ibid.: 369). The 2006 reform in part rectified the situation: as data shows, the correlation between the distribution of funds and the per capita GDP is lower during the 2007-2013 programming period. The literature is consistent with data: the Eastern European regions received "a major increase in EU resources" while "the poorer parts of EU15 continued to receive a sizeable amount of funding," an outcome that was "widely considered to be fair" (ibid.: 701). Finally, the 2014-2020 programming shows a negative correlation, which signals a return to more redistributive cohesion policy. This change in pace is largely justified by the recent economic and financial crisis that plunged the EU into a severe economic recession: in these circumstances, "cohesion policy was … used to mobilize new resources for the national economies facing difficulties," resulting in a concentration of 70 percent of structural funds in the regions with a per capita GDP lower than 75 percent of the EU27 average (Brunazzo 2016: 31).

Period	Correlation index
1988-1993	-44,70%
1994-1999	-42,10%
2000-2006	59,20%
2007-2013	15,84%
2014-2020	-22,30%

Table 10. Correlation coefficient between average per capita GDP at NUTS II level and structural funds allocations

Redistribution: fuzzy-sets measures

Table 11 displays the fuzzy-sets measures derived from table 10. Figure 4 displays how cohesion policy changed for what concerns the substantive dimension of solidarity, redistribution; the line shows how the funds are distributed between the eligible regions according to their regional GDP. The more progressive is cohesion policy, the more funds inversely correlates with the regional GDP, meaning that the regions with lower per capita GDP receive a larger portion of the funds. The dotted line shows the threshold that separates progressive distribution of funds (above the line) from a non-progressive distribution of funds. As we can see, the trend is quite similar to the one displayed by eligibility: initially, cohesion policy is strongly progressive, with the 1988 and 1993 episodes being close to the ideal value of 1.

Year	Redistribution
1988	0.94
1993	0.93
1999	0.03
2006	0.28
2013	0.77

Table 11. Redistribution, fuzzy sets measures

As we will see in chapter five, the fact that the two reforms have similar values for what concerns the distribution of funds makes sense, since the 1993 reform intervened on other aspects while leaving unscathed the concentration principle for what concerns Objective 1 regions. Things started to change in 1999 when the progressiveness of the policy plummeted.

This phenomenon can also be explained by the fact that the policy had a hard time to adjust to the Eastern enlargement. This is much in line with the situation described by Lindner (2005: 207): on the one hand, "the new member states feature significantly below the current EU average (…) have entered the EU with the expectation of gaining sizeable economic and budgetary benefits from EU membership" on the other hand "most old member states (…) are experiencing a period of low growth rate and strong pressures on their national budgets. Their failure (…) to meet the terms of the Growth and Stability pact (…) significantly limits their willingness to accept increases of the EU budget." In 2006, the cohesion budget was better adjusted to cater to the new circumstances, as figure 4 clearly shows. However, as Bachtler *et al.* (2016) acknowledge, "the overall budget ceiling eventually agreed for commitment appropriations in 2007–2013 was almost one-sixth lower than that proposed by the Commission and represented only a four percent increase over spending in the 2000–06 period." However this does not directly imply a less redistributive cohesion policy, it is entirely in line with the output of the 2006 reform, budget-wise: the necessity to maintain expenditures for old recipients, coupled with a non-sufficient budget, can explain why the policy has become less progressive than, say, in 1988.

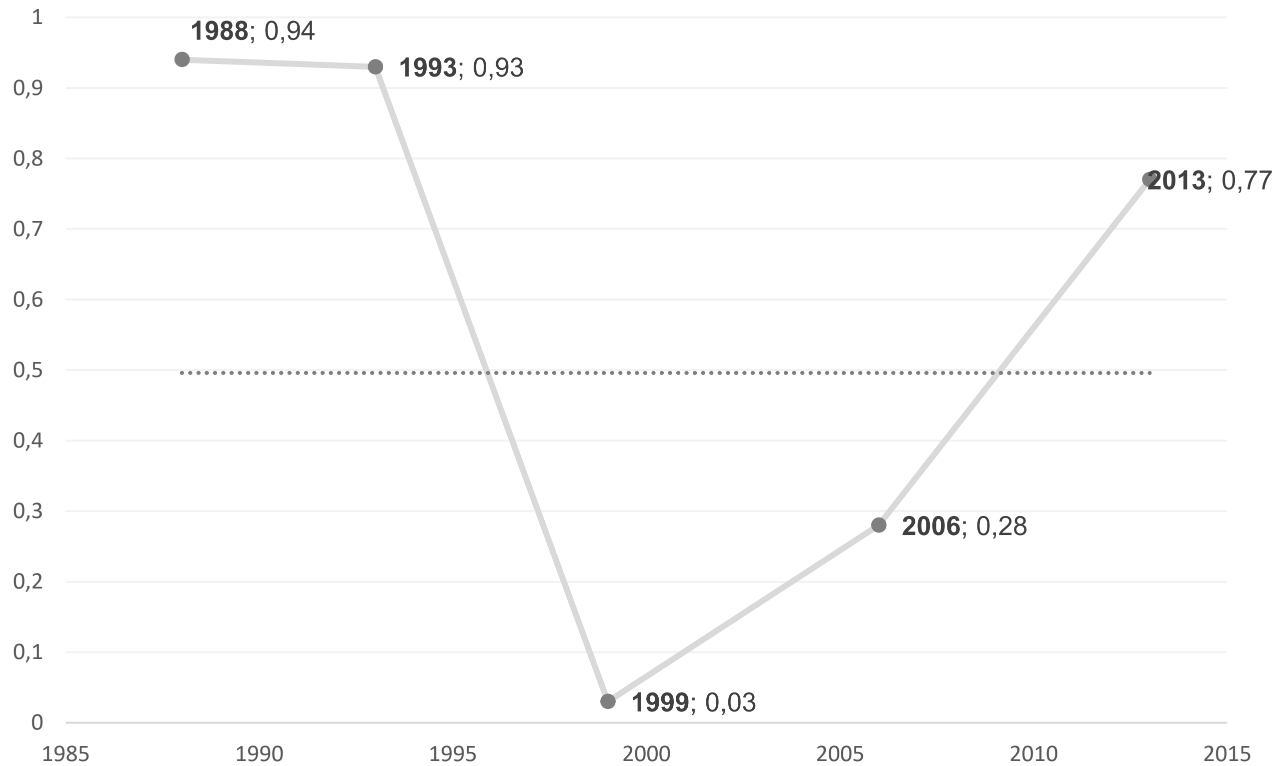

Figure 4. 1988-2013 cohesion policy reforms' redistribution

The upward trend that culminated in 2013 is consistent with one aspect of the 2013 reform, that is the increased focus on "social inclusion" and the necessity to concentrate funds in the regions more hit by the economic and sovereign debt crisis. It is also consistent with the increasing convergence among member states. Part of it is due to the economic growth of Eastern European Member States; part of it could instead be explained due to the economic decline of Southern European Member States after the sovereign debt crisis.

2.3 Conditionality

The last component of inter-territorial solidarity is conditionality. As already discussed, a community of fate is unlikely to create unconditional forms of solidarity: hence, whenever funds are redistributed to poorer territories, there are conditions attached. A first distinction can be made between exogenous and endogenous conditionality: the first one occurs when the conditions serve a policy objective that is not determined by the "inner logic" of the policy, as in the case of macroeconomic conditionality. This distinction is not always straightforward. For instance, macroeconomic conditionality is also justified with an endogenous rationale: "public investment will achieve less if it is not accompanied by discipline in public finances" (Begg 2016: 57). This, in turn, would make the empirical use of such a typology less than rigorous. A possible way out is to consider the conditionality attached to cohesion policy akin to a form of political conditionality. According to Stokke (1995: 12), political conditionality is defined as "the use of pressure, by the donor, in terms of not giving, threatening to terminate aid, or actually terminating or reducing it, if conditions are not met by the recipient." From this definition, two distinct features can be extracted (Koch 2015). The first one is whether if the conditions apply before (ex-ante) or after (ex-post) the relationship starts. The second one is whether if the leverage mechanism that undergirds the conditionality is based on positive or negative incentives. The two dimensions combined create four distinct types, as table 12 displays.

	Ex Ante	**Ex Post**
Positive	Conditions that are a prerequisite to the contractual relation	Additional benefits conditioned on performance
Negative	Reducing or suspending benefits before entering into cooperation	Reducing, suspending or terminating benefits as a consequence of recipients' behavior

Table 12. Typology of political conditionality, based on Koch (2015)

The first type, ex-ante positive conditionality, includes conditions that need to be in place before the contractual relationship starts. According to Koch, this is analogous to a “membership conditionality”: it defines, in terms of status, those who can receive benefits. In our case, the eligibility criteria for objective 1 regions are instances of ex-ante positive conditionality. Those criteria define those regions deserving cohesion policy assistance in terms of economic status. The second type is ex-ante negative conditionality. According to Koch (2015), these conditions consists of “negative measures used to induce preferred outcome or political reforms” before entering the contractual relationship. Cohesion policy ex-ante conditionality, introduced in 2013, is an instance of this type of conditionality: the Commission can request member states to create new institutional frameworks or to adjust existing ones to guarantee that cohesion policy will be implemented correctly. The third type, ex-post positive conditionality, occurs when incentives are used to steer an ongoing contractual relationship in some desired direction. In 1999, the “performance reserve” was first introduced. The reserve consisted of 4% of total cohesion policy commitments (on a national basis); the sum was to be distributed to “successful” OPs to foster better performances among cohesion policy recipients. The last type to consider is the ex-post negative conditionality. When this conditionality is applied, disincentives are used to avoid undesired behavior by the recipients. In 2013 macroeconomic conditionality was first applied to all the structural funds; under this provision, in the event of an excessive deficit imbalance procedure, a Member States can have its funds suspended until corrective measures are taken.

Table 13 displays the results of the content analysis. There was indeed an upward trend in conditionality, both in coverage across different types and in intensity, considering the increasing number of provisions under the same type. In 1988 ex-ante positive conditionalities were introduced. They defined the baseline approach of cohesion policy, distinguishing it from the previous EC regional policy: substantive criteria established who and what projects (OPs) could be funded under cohesion policy. In 1999 the performance reserve was first introduced, as a way to increase the effectiveness of the policy; in 2006 the performance reserve was maintained, but the Member States could choose whether if to apply it or not.

On the other hand, the 2006 reform was a giant leap forward concerning ex-post negative conditionality. Whereas previously this type of conditionality was targeted at single documents and regional OPs, in 2006 article 70 allowed the Commission to request corrections aimed at priority axes; this particular form of conditionality allowed the adoption of a “strategic” approach, integrating cohesion policy within the larger Lisbon programme framework. These tendencies were confirmed and reinforced by the 2013 reform. Concerning existing types, it introduced with article 23 the macroeconomic conditionality, linking cohesion policy governance to the European Semester framework. Concerning ex-post positive conditionality, the performance reserve firstly introduced in 1999 was made compulsory again. For the first time, an ex-ante negative conditionality was introduced: article 19 allowed the Commission to request the Member States to put in place specific institutions as a precondition to access the funds.

YEAR	Ex-ante positive conditionality	Ex-ante negative conditionality	Ex-post positive conditionality	Ex-post negative conditionality
1988	(Article 9 c.1) economic criteria for eligibility to Objective 1			(Article 24) Reduction, suspension and cancellation of assistance
	(Article 9 c.5) conditions for the approval of OPs			
1993	(Article 15) economic criteria for eligibility to Objective 1			(Article 24) Reduction, suspension and cancellation of assistance
	(Article 15) conditions for the approval of OPs			
1999	(Article 3) economic criteria for eligibility to Objective 1	(Article 44) Allocation of the performance reserve		(Article 38 + 39) Suspension of payments
	(Article 3) conditions for the approval of the OPs			
2006	(Article 5) economic criteria for eligibility to Convergence objective			(Article 15 + Article 99) Additionality; the Commission can request corrections
	(Article 37) conditions for the approval of the OPs			(Article 70 + Article 92) Management and Control (targeted at priority axes)
				(Article 93) 2+1 rule to prevent funds' low absorption
				(Article 99) Corrections targeted at OPs
2013	(Article 90) Investments for job and growth goal	(Article 19) Ex ante conditionalities: institutional preconditions needed to access the funds	(Article 20) Allocation of the performance reserve	(Article 23) Macro-economic conditionality
	(Article 96) Programming: conditions for the approval of Ops			(Article 25) Additionality; the Commission can request corrections
	(Article 100) Conditions for the approval of major projects			(Article 86) Decommitment rule to prevent funds' low absorption (n+3)
				(Article 144) Criteria for financial corrections

Table 13. Cohesion policy political conditionality (1988-2013)

Conditionality: fuzzy measures

The last dimension to discuss is conditionality. As we have seen, this dimension captures the concept of "political conditionality," which refers to the contract that is put in place between the EU and the beneficiaries of cohesion policy. This contract can be more or less complex. Table 14 displays the fuzzy-sets measures that we have created following the procedure detailed in Annex B.

Year	Conditionality
1988	0,49
1993	0,49
1999	0,82
2006	0,49
2013	0,95

Table 14. Conditionality, fuzzy measures

Figure 5 shows how the different reforms fared concerning conditionality. As it is evident from the figure, conditionality has grown almost steadily throughout the various reforms. Initially, in 1988 and 1993, only two types of conditionality were put in place: the ex-ante positive conditionality, created the possibility for the Commission to directly decide which regions to assist, while the ex-post negative conditionality allowed to monitor and evaluate the implementation. Except for incremental changes, the same framework was kept in 1993. The 1999 reform introduced a new type of conditionality, the ex-post positive conditionality, which was removed in the 2006 legislative framework.

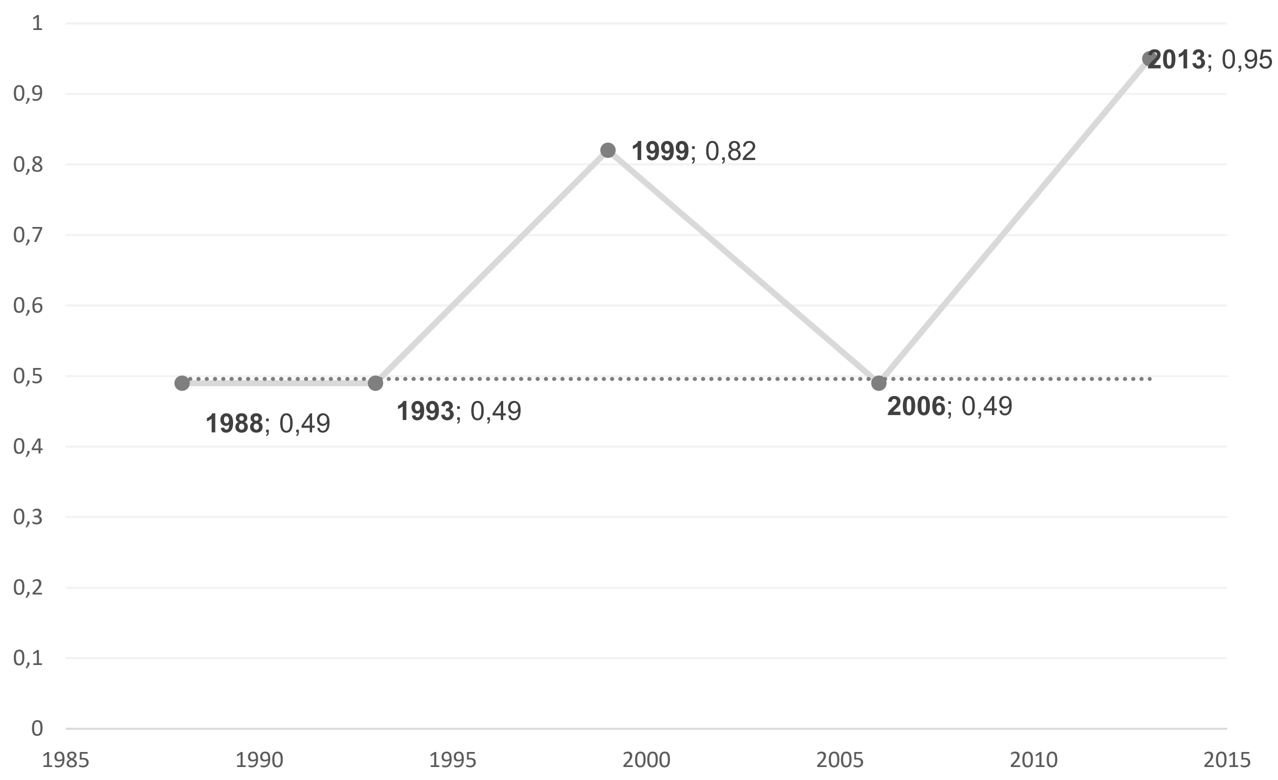

Figure 5. 1988-2013 cohesion policy reforms' conditionality

In regard to the 2006 framework, even though the regulation became more complex, no new type of conditionality was introduced, which explain the lower score (0,49). Finally, the 2013 reform displays the highest value (0,95) in conditionality, which is due to the reintroduction of ex-post positive conditionality, in the form of the performance reserve, and to the introduction of a new type of conditionality, the ex-post negative conditionality. According to this new type of conditionality, the Commission and the European Council can have the funds suspended for those states where a "sound macro-economic environment" is not in place.

3. Summary

The aim of the chapter was to create an empirical measure that can assist us in assessing the correspondence between cohesion policy and the ideal-type of inter-territorial solidarity. The empirical results of the analysis confirm some of the notions we have discussed in the first chapter. First of all, for what concerns eligibility, the analysis shows that a "policy drifting" occurred after the EU failed to adjust the 75% criterion to the Eastern European enlargement.

Second, the way in which funds were distributed changed to a great extent after the Eastern European enlargement: in 1999 and 2007 the resources were distributed in a way that was proportional to the average regional GDP; hence, the redistribution was limited. The situation changed after the sovereign debt crisis; from the first chapter we can expect that this is the result of an increased salience of social issues (e.g. "social inclusion"); we will see if this is what happened in the sixth chapter. Finally, for what concerns the third dimension, "conditionality" we have observed how an increasing number of provisions has been attached to the fund. This is especially true for what concerns the latest reform in 2013 when macroeconomic conditionality has been introduced. We will discuss in the next three chapters whether if this evolution is in line with the discourse on cohesion policy as expounded by the key actors within the Commission in the period preceding a major cohesion policy reform.

Chapter V – Cohesion Policy: the 1988 reform

In this chapter and the next three, we will analyse the three cases that have been selected in the third chapter: the 1988, the 1993 and the 2013 reforms. The chapter will be structured as follows. First, for each one of the case studies, the political and institutional antecedents of the reform will be presented. Then, the legislative process will be presented in detail, by looking at the creation of both the budgetary envelope and the attached regulation. In doing this, the official documents produced by EU institutions and official advisory bodies will be reviewed. The second part will be devoted to the speech analysis. The analysis will start with a general picture of the preference within the Commission; then, we will look at the contents of the four discourses for each one of the key actors involved in the reform process; we will consider, for each discourse, the five most salient categories and look at the arguments presented in the speeches. In the end, we will make a summary and compare the results with the output of the reform presented in chapter four.

1. The 1988 Reform

1.1 Status quo ex-ante

Before delving into the 1988 cohesion policy reform, let us briefly recapitulate its institutional and political premises. Taking office in 1985, the first Delors Commission is generally saluted as the dawning of a new era, marked by an extraordinary institutional development for the

European Community. Among other achievements, it contributed to the creation of the Single Market and firstly established cohesion policy. What contributed to the positive outlook of this Commission was also the negative perception of the previous period, which is commonly referred to as "Eurosclerosis" or "doldrums era" (Faludi 2010).

Previous institutional developments

At least for what concerns the Community's regional policy, this negative fame is largely undeserved: as a matter of fact, after a long gestation in the sixties, in 1974 the European Regional Development Fund was created, thus making the European regional policy a genuine supranational policy. This milestone was largely the result of the persistent attempts of the Commission during the previous decade. In this period the conception of the Community as a non-revertible process started to emerge as a consequence of the empty chair crisis (Van Middelaar 2013). This formative event gave way to a crescent characterisation of the European polity as a "neighbourhood Community" (Ferrera and Burelli 2018); in this circumstance, solidarity was invoked as the value that would have kept the Community together and territorially cohesive (Faludi 2010). Therefore, it is no wonder that regional policy gained momentum after the first enlargement occurred in 1973 when the material conditions of the Community as a whole deteriorated after the accession of the UK and Ireland along with Denmark. Back then, the unresolved Italian *questione meridionale* sat well with the large territorial inequalities that were present in the accessing new Members (Tömmel 2016: 108). The European Regional Development Fund was then created as a means to tackle economic divergence within the Community. However, the institutional nature of the ERDF partially frustrated the ambitions of the Commission: rather than being a supranational financial instrument capable of direct intervention, the ERDF was only capable to exert a limited redistribution among states, and the financial allocations were directly managed by the Member States. Moreover, a rigid quota system left the Commission with no room for any discretion in allocating the Fund, thus reducing its role to that of a cumbersome middleman. And yet, it was a start. With its two successive attempts at reforming the ERDF, the Commission proved to be persistent in its will to create a genuine supranational regional policy. Of particular interest are the attempts at establishing the principle of "complementarity" (the equivalent of the additionality principle from the 1988 cohesion policy), according to which the financial efforts by the Community would only complement, and not substitute, national regional policies. A second, constant effort was that at escaping the national quota system. In the second half of the seventies, the idea of a *hors quota* section of the ERDF was promoted by the Regional Commissioner Antonio Giolitti. The 1979 reform did not yield the desired result, but a small non-quota section was established for the first time nonetheless. These efforts culminated with the Integrated Mediterranean Programmes (IMPs) in 1984, a strategy aimed at reducing the economic underdevelopment of a large number of Mediterranean regions across Greece, Italy and France. This policy was undergirded by a system of governance which definitely changed the role of the Commission: the quota system disappeared, and the funds were "concentrated" in the poorest regions following the Commission's proposal. Most importantly, for the first time, the IMPs established the "partnership principle": those who were involved in the implementation of the programmes were also involved, to a certain extent, in strategic decisions concerning the policy. This created the possibility for the regions to participate in the negotiations with the Commission, alongside national authorities (Smyrl 1998: 80).

Previous political developments

This slow but steady institutional development took place against a backdrop of strained political relations among the Member States. The aforementioned empty chair crisis left the Community with an ineffective decision-making system in place: the "Luxembourg compromise" that was agreed to solve the crisis led in fact to a situation in which every Member State could veto any relevant decision affecting national interests. In the next few years, this compromise weakened the integration process to a great extent, according to many Presidents of the Commission (EC 2014: 131). Even though between 1975 and 1985 it was invoked only eighteen times, mostly on decisions related to agriculture and fisheries (EC 2014: 219), the Luxembourg Compromise shaped a consensus-seeking practice that pushed both the Commission and the Member States to avoid complex, yet impelling decisions. One of them was the creation of Economic and Monetary Union: since the completion of the Common Market in 1968, EMU was considered to be the next step in the integration process. However, as discussed in the first chapter, the divergent interests of France and Germany made it difficult to reach a compromise. Around the same time, the budget of the Community increasingly became a conflictual arena: the first European enlargement put to the fore the existing contradictions concerning the Common Agricultural Policy, from which France was benefitting disproportionately. After the UK started to lament the rough deal they received when accessing the Community because of the CAP, the concept of *juste retour* entered into the jargon of the Community (Le Cacheux 2005): according to this logic, each Member State should get a "fair return" from their contribution to the Community budget. As discussed, the idea that the ERDF was an elaborate credit transfer to the UK in order to enforce the concept of *juste retour* menaced the credibility of the policy and many Regional Commissioners tried to take distance from this idea on more than one occasion. The ERDF, de facto, did not settle the "bloody British question," as EC President Roy Jenkins named it in jest. It was, if anything, going to get worse in the next few years. At the same time, the aforementioned EMU project was creating the conditions to strengthen the Community budget: the MacDougall report, in 1977, envisioned a larger "federal" budget in 2000 as a way to prevent asymmetric shocks from destabilizing the common currency area. A more immediate concern was that of having sufficient means to finance the CAP, often troubled by budgetary crises. The financial burden was mainly carried by Germany and the UK, both of them contributing disproportionately in comparison with what they received back from the Community budget. Germany, at the onset of the Treaty of Rome, accepted the request made by France to create a supranational agricultural policy (Van Middelaar 2013: 156); however, as the German economic power was growing, they ascended to the role of "paymaster of the Community," as the West German government called it. According to Lindner (2005: 133-134), in this circumstance, the government was hinting at the fact that Germany's willingness to pay was not unrestrained. The "German question" remained dormant until the mid-nineties; the British budgetary question, however, took a primary role in shaping the 1979-1984 EC agenda. In 1979 the newly elected PM Margaret Thatcher started her campaign to reduce UK's contribution to the Community budget, with the famous "we want our money back" slogan (Lindner 2005: 120). The battle eventually finished four years later, when the Community leaders gathered in Fontainebleau and they agreed to concede a rebate to the UK. Lindner (2015: 116) observes how the British question violated the typical *modus operandi* of the six: before the rebate, tensions over equity of treatment have always been resolved through a benevolent compensation, which was to be financed through the increase in prosperity resulting from further economic integration. In this regard, Wallace observes (1983, in Lindner 2005: 116-117) that "the Six sought a rough parity or equivalence of anticipated benefits from integration to be achieved through developing different strands of common policies." After the economic conditions deteriorated in the seventies, this practice, which was evidently based on a conception of "enlightened interest," was affected too: "the debate over who got what, when, and how began during the 1970s to come into increasingly sharp focus, almost to the point of overshadowing discussion of other issues within the EC."

This was, in synthesis, the situation that the First Delors Commission found itself in when entering office in 1985. On the one hand, the institutional legacy of the regional policy was quite favourable: even though in the two previous reform, in 1979 and 1984, the Commission had failed in achieving what it was expecting, the IMPs were an extraordinary result in the direction of a genuine supranational regional policy; Commissioners were not shy in attaching this policy to a bold conception of European polity held together by mutual ties of solidarity, of which regional policy was a concrete expression. On the other hand, the political situation was hard enough. Within the Council relations among the Ten, soon to be Twelve with the accession of Spain and Portugal, were severely strained. The Community had indeed an urgent need to increase the budget to avoid its meltdown due to the growing expenditures of the CAP. The political and economic climate, however, was not favourable: in part because of the British question had dominated the debate, making of the "equity" of contribution a priority; in part because the changing economic climate, and the austerity following the two oil crises, had put on hold the traditional method of the Six, based on a longer time-frame.

1.2 The 1988 reform: an overview

At the end of 1988, the Delors Commission was able to take credit of the first Treaty revision, the approval of the Delors *paquet* and the creation of cohesion policy (Drake 2000: 78). Most importantly, these three measures were profoundly interlinked. The Single European Act created both the mandate to institute the Single Market and the decision-making powers for being able to manage such a complex reform. The Delors package I contained the budgetary envelope of cohesion policy — doubling the structural Funds by 1992 — and the budgetary discipline to overcome the financial crisis of the previous five-year period, which was a result of agricultural expenditures going out of control. Cohesion policy, in turn, granted the regions Community's financial assistance to adjust their economies in perspective of the completion of the Single Market in 1992. These milestones, achieved in a period of three years, allowed the Community to transition from the "Eurosclerosis" to the "boom era" (Faludi 2010). What happened in-between? As Drake observes, Delors built "a conceptual framework to lend meaning to his action" which also extended to other members of the Commission (2000: 79). It makes sense, then, to investigate this complex web of meaning in reference to the 1988 cohesion policy reform: this will be the task of the next few sections, which will present the analysis of the speeches made by EC President Jacques Delors and the Regional Commissioners Alois Pfeiffer and Peter M. Schmidhuber. Before delving into the analysis, however, we first need to have a general overview of the reform and the other elements that will be part of the following discussion.

The reform process: a formal perspective

As argued in chapter III, cohesion policy reform is generally divided into two parts that are strongly intertwined (Marks 1996). The first one is the creation of the budgetary envelope on the basis of an intergovernmental financial bargaining. The second one consists instead of designing the final regulation, a task that mainly involves the European institutions and their advisory bodies. In the case of the 1988 reform, the Council had the final word on both the budgetary envelope and the regulation, which consisted of a Council Regulation. Before the Council approval, however, it is the Commission that *de facto* designs both the budgetary envelope and the regulations. The starting point of the 1988 reform was already planned in the Single European Act. As a matter of fact, Article 130d outlined the rationale of the structural Funds' reform[2]. This prescription followed some of the conclusions of the 1984 European Council in Brussels, as the Declaration on Article 130d clarified[3]. The Commission started to act in 1987, when it sent the Communication "The Single Act: a New Frontier for Europe"[4] in which the new budgetary discipline spelled: "At a time when, rightly or wrongly, the member countries are keen to reduce their budgetary expenditure and cut public deficits (…) it is no easy task to persuade public opinion that the Community needs more money." To persuade the public opinion, the Commission proposed a fixed ceiling for the budget at 1.4% of the Community GDP, which was 0.25% above the 1988 figure (EC 2008: 36). In the same communication the Commission suggested that, in order to have sufficient resources for cohesion policy, the Common Agricultural Policy needed to be reformed, in order to cut its expenditures. This, in fact, would have allowed "(…) the budget funds committed via the structural Funds [to] be doubled in real terms by 1992." Immediately after, the Commission circulated the "Report on the Financing of the Community Budget," which started with a grim picture of the Community finances: "The Community is at present faced with a budgetary situation which can only be characterised as being on the brink of bankruptcy." The Communication went on spelling the new budgetary discipline along with a reform of the system of financing based on three elements (EC 2008: 37):

a) a rationalisation of the traditional system of own resources, adding new elements to the custom tariff duties administered by the Community;

[2] "Once the Single European Act enters into force the Commission shall submit a comprehensive proposal to the Council , the purpose of which will be to make such amendments to the structure and operational rules of the existing structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section, European Social Fund, European Regional Development Fund) as are necessary to clarify and rationalize their tasks in order to contribute to the achievement of the objectives set out in Article 130a and Article 130c, to increase their efficiency and to coordinate their activities between themselves and with the operations of the existing financial instruments. The Council shall act unanimously on this proposal within a period of one year, after consulting the European Parliament and the Economic and Social Committee."

[3] "The financial resources allocated to aid from the Funds, having regard to the IMPs, will be significantly increased in real terms within the limits of financing possibilities."

[4] COM (87) 100

b) VAT-based resources were to be adjusted so as to make the contribution equitable to poorer member states;
c) Introduction of the "fourth resource," based on Member States GNP, in order to further balance the individual contributions with each Member State capacity to pay.

In September 1987 the Commission sent a Communication titled "Reform of the Structural Funds"[5] that presented the "designing institutions" which were going to be part of the reform. In the first part, the proposal introduced the concentration principle, based on five priority objectives: objective 1 concerning less developed regions, objective 2 concerning the industrial decline areas, objective 3 concerning long-term unemployed and youth unemployment, objective 4 concerning the adjustment of agricultural structures and objective 5 concerning the development of rural areas. The second part of the Communication reiterated the contents of the previous two communications on budgetary discipline and on the financial needs. The third part first introduced the three principles that, along with the concentration principle, shaped the governance of cohesion policy from the 1988 reform onwards. First, the "complementarity principle"[6] consisting in the obligation for the national governments not to use the structural funds to replace their domestic policies, but to complement them. Second, the "partnership principle" consisting in the involvement of both regional and national authorities in managing cohesion policy operations. Finally, the "programming principle" according to which small projects should be substituted with medium-term programmes "in pursuit of each priority objective." In November 1987, the European Economic and Social Committee gave its mandatory opinion[7] in which the initial proposal by the Commission was criticised as being "inadequate overall." The critique concerned both the concentration principle, since no clear ranking of the five objectives was provided, and the overall governance of the policy. The latter critique focused on the "mixing together of geographical and horizontal objectives" that made the "integrated approach" being somewhat marginal. The EESC also criticized the fact that the reform made no attempt at giving a substantial role to European social pressure groups in shaping the policy. The

[5] COM (87) 376 Final.
[6] Later called "additionality principle."
[7] 87/C 356/06.

budgetary envelope was finally approved by the European Council of Brussels in February 1988; a Council Decision[8] in June 1988 finalised the agreement. The overall ceiling was further reduced to 1.30% from the initial 1.40%. A month later the Commission sent the amended proposal to the Council. When compared with the initial proposal, the changes were few but significant. Small changes concerning the rates of Community assistance were made to the financial provisions section; much in line with the EESC opinion, the new rates made a distinction between objective 1 and the other objectives, providing better conditions to the objective 1 regions. Something that also changed was the role of the Commission in the decision-making surrounding cohesion policy. According to the initial proposal, the Commission had the power to determine the objective 1 regions (Article 8 c.1) and the related operational programmes in *consultation* with competent authorities *in* the Member State concerned (Article 8 c. 4). In the amended version the powers of the Commission have reduced: the Council received the prerogative to review the list of regions concerned by Objective 1 "within five years of the date of entry into force" of the Regulation. Article 8 c.4 also changed: according to Article 8 c.5 of the amended version, the Community Support framework for Community structural operations needed to be decided in *agreement* with the Member State concerned. Minor tweaks in the same direction were also made for what concerned Objective 2 eligibility. Except for these changes, the reform maintained its most distinguishing features: the four principles, the doubling of the budget, the "integrated approach" based on the direct involvement of regional authorities in the policymaking and, to some extent, in the decision-making.

The amended proposal was debated by the European Parliament in May 1988. On 20 May 1988, the Parliament redacted its list of amendments[9]. The proposal so amended dealt mainly with two aspects:

A) Regions would have a more prominent role: throughout the whole Regulation, regions were put on par with the EC and the Member States; their agreement was required both in decision making (Art. 5 c.5, Art. 8 c.4) and policymaking activities (Art. 9 c.7).

[8] 88/376/EEC.
[9] OJ C 167/443

B) The EP would have had an active role in monitoring the policy (Art. 6 c.2).

The procedure was concluded with the approval of the Council Regulation No. 2052/88 of 24 June 1988. The final regulation pretty much adheres to the EC amended version, while disregarding the amendments proposed by the EP a few months earlier.

2. 1988 cohesion policy reform: speech analysis

In the previous sections, we have taken an in-depth look at both the policy legacy and the politics surrounding regional policy and the structural Funds before the 1988 cohesion policy reform. We then described the reform from an institutional perspective, by looking at the formal legislative process. There are, however, two elements that are still missing: the policy actors involved in the reform and their rationales for driving the reform process in a certain direction. As anticipated in chapter three, in this research we will survey the policy positions of members of the European Commission directly involved in the cohesion policy reform: in the case of the 1988 reform those are the EC president Jacques Delors and the Commissioner for Economic Affairs, Regional Policy and the Statistical Office, Alois Pfeiffer and his successor, Peter M. Schmidhuber. The discussion will be divided as follows. First, we will take a look at the general preferences of the 1988 Commission on the cohesion policy reform, then we will analyse how those preferences vary across policy actors. We will then survey each discourse separately by looking at the preferences expressed by each policy actor; in doing this, we will look at the four discourses we have discussed in chapter three. In the end, we will discuss the congruence between the policy preferences expressed before and during the decision-making process and the actual outcome of the reform, as discussed in chapter four.

2.1 Overview of the Commission policy preferences (1986-1988)

As discussed, the 1988 cohesion policy reform was, in the official Commission document, conceived as a *politique d'accompagnement* for the single market. This is also true for the general preferences expressed by the key actors within the Commission during the period 1986-1988. Figure 6 shows the ten most recurring categories in the speech analysis. In terms of policy issues (diagnostic frame), the Commission seemed to be mostly concerned with high unemployment, which constitutes around 4% of all the segments surveyed in the 1986-1988 speeches, economic convergence (3%) along with industrial decline (2%). For what concerns high unemployment and industrial decline, those were issues affecting the Community as a whole. In particular, high unemployment was considered to be the persistent effect of the 1970s oil crisis while industrial decline was considered one of the consequences of the ongoing globalization trend.

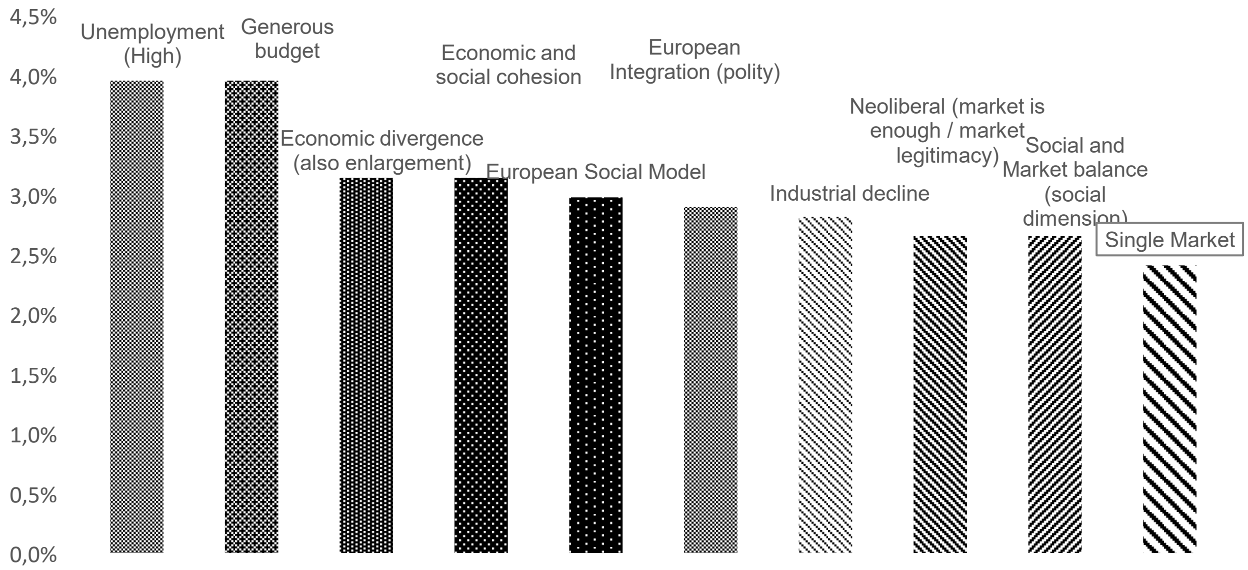

Figure 6. European Commission preferences (1986-1988), top categories (%)

Economic divergence, on the other hand, was considered a problem that was in large part "endogenous" to the Community: the creation of the Single Market would increase the competition among territories, with the risk of having less developed territories' economies starting to diverge from core territories. For what concerns the policy solutions, many of the most recurrent categories focus on the relation between the Single Market and the social dimension. Particularly important is the necessity to preserve the European social model (3%), a distinctive model of society based on the balance between individual freedom and social protection. Along the same lines are the preservation of the economic and social cohesion (3.2%) and the social and market balance or the creation of a European social dimension (2.7%). All of these categories point out at the necessity of creating some sort of counterbalance to the trade liberalization operated by the Single Market (2.5%), which, as we have discussed, was the *magnus opus* of the first Delors Commission. The social dimension, in particular, was seen as a corrective to the neoliberal ideology (2.5%) which driven the single market project. As we will see in the next sections, in particular in Delors speeches, the single market was seen as a “necessity” to create economic growth while preserving the European Social Model was seen as “ideal.” European integration (3%) was, in this sense, instrumental to both, since economic growth could be better achieved by further trade liberalisation while sheltering the European Social Model by the disruptive market forces fostered by globalization. The last relevant category is generous budget (4%). As discussed, one of the most visible features of the 1988 reform was the doubling of the structural Funds’ budget. In this regard, a generous budget, along with a different governance of the Funds, was considered necessary to counteract the possible negative effects of the Single Market– particularly economic divergence – and instrumental in creating economic and social cohesion in the Community.

For what concerns the four discourses, figure 7 displays the aggregate preferences by the Commission. The discourses, taken together, are 74% of the total coded segments in the period 1986-1988. As the figure shows, on the one hand, the solidarity discourse is overwhelmingly represented (40,3%) while its cognate discourse, revolving around the concept of “stability” is residual (13,3%). In this phase, cohesion policy is considered, at large, as an instrument for inter-territorial solidarity and not as an instrument to enforce macroeconomic stability within the union. On the other hand, the place-based discourse is more representative (11,8%) when compared with its cognate “sectoral” discourse (8,8%). As we have seen in the first and second chapter, the 1988 cohesion policy reform has been considered by many (Mendez 2013, Barca *et al.* 2012) as the “archetypal” place-based policy; the relevance of this discourse within the Commission mirrors this observation.

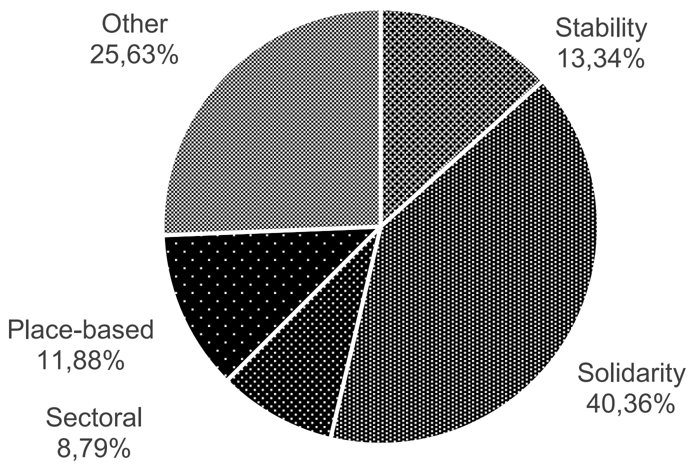

Figure 7. Commission's four discourses (1986-1988)

Of course, these measures are a proxy for the Commission's prevalent discourse, since they are aggregate measures based on individual preferences; they are useful insofar they provide us with an overview of the themes that got most of the attention in the 1986-1988 period. When looking at the individual preferences, internal differences emerge. Figure 8 shows which discourse is prevalent in individual actors' speeches. On the Y-axis, the solidarity-stability polarity is displayed: when the solidarity discourse has a larger share than the stability discourse in the actor's speeches, the indicator's is a positive number, and vice versa. The same for the place-based-sectoral polarity, which is displayed on the X-axis. As the figure shows, actors' speeches are largely based on the solidarity and the place-based discourse. However, there is variation between the three key actors. Alois Pfeiffer's speeches are mostly focused on solidarity (42,9), with the stability discourse representing only 9.8% of the coded segments. The place-based discourse (12,8%), on the other hand, also prevails over the sectoral discourse (6,1%). On the other hand, Peter M. Schmidhuber's speeches are more balanced. While the solidarity discourse is still prevalent (30,4%), the stability discourse is far more relevant than in Pfeiffer's speeches (17,2%). The same can be said for the place-based discourse (15,1% and its balance with the sectoral discourse (11,53%). Finally, the EC President Jacques Delors' speeches are in an intermediate position for what concerns the solidarity-stability polarity, which is tilted in favour of solidarity (36,4%), although the ratio is not as unfavourable for stability (11,56%) as it is in Pfeiffer's discourses. On the other hand, the difference between the place-based (7,1%) and the sectoral discourse is the lower among the three actors. In the next section we will analyse the individual discourses looking at the qualitative contents of the coded segments; in this way we will be able to better understand what the policy preferences of these actors are, putting them in relation with the 1988 cohesion policy reform.

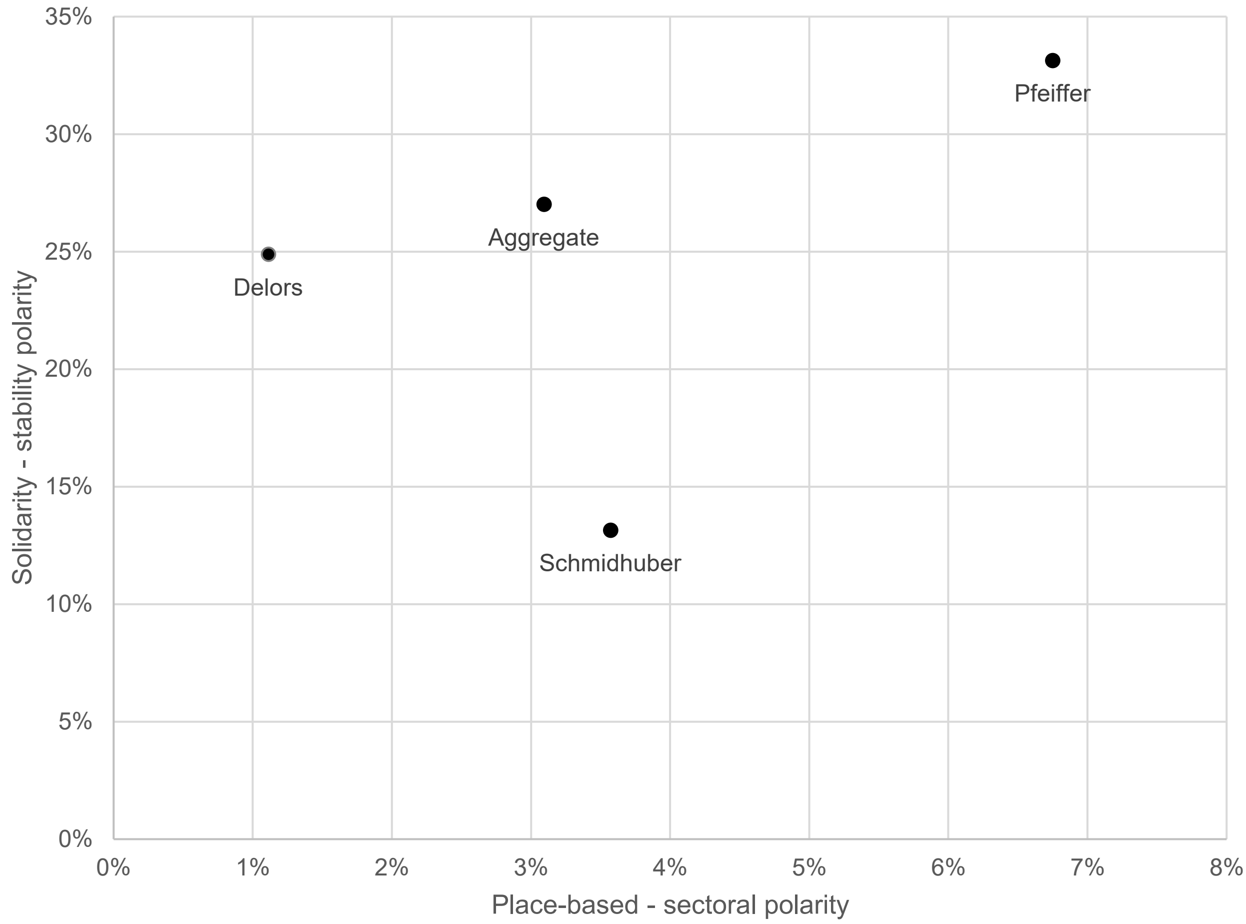

Figure 8. Key actors' four discourses (1986-1988)

2.2 Solidarity discourse in the 1988 reform

The analysis clearly shows how the solidarity discourse is the prevalent one among the discourses surveyed. The existing literature agrees with this finding, in that it recognizes the important role that the concept of solidarity played in the 1988 cohesion policy reform. In this regard, solidarity is declined in different ways. Faludi (2007) and Hooghe (2008) characterizes the creation of cohesion policy in 1988 as an attempt to preserve the European model of society, in the face of the emerging "neoliberal programme." This literature characterises the European Social Model as "humane social order based upon a mixed economy, civilized labour relations, the welfare state and a commitment to social justice" (Faludi 2007: 572). Hooghe describes the European model of society as "regulated capitalism," a model consisting in "a European liberal democracy capable of regulating markets, redistributing resources, and shaping partnership among public and private networks." Both Faludi and Hooghe acknowledge the role that the European model of society played in creating the 1988 cohesion policy. According to Faludi, the First Delors Commission nourished the idea that "sustaining the European model [required] the Community to take on tasks normally performed by states" (2007: 574). Cohesion policy was an instance of a policy usually performed by states – inter-territorial redistribution – which was going to be managed, in part, by the Community. According to Hooghe, "the 1988 cohesion policy reform has been the bedrock of the anti-neoliberal programme," having the "objective" of institutionalizing "key principles of regulated capitalism in Europe" (1998: 459).

The role of the solidarity discourse in the 1988 reform is also acknowledged by Bailey and De Propris; in this case, cohesion policy is characterized as a "*politique d'accompagnment*." According to them, "the creation of the Single Market was justified in terms of efficiency gains," but it was "not sufficient to ensure that member states would be able to reap equally the economic benefits." Hence, cohesion policy was conceived as an "adjustment mechanism" to "bring equity into the system" (2002: 419). The intervention theory behind cohesion policy, however, was not based on "redistributing resources *ex-post*" as it was done in the past with the ERDF. Rather, "structural policies were a means (…) to equalize initial endowments before the market could take its course" (Ibid.: 409). Finally, and in a wider sense, Leonardi considers the "principle of mutual solidarity" as the principle that allowed the creation of a policy able "to promote the convergence of its most backward regions in order to achieve a more economically and socially integrated system" (2005: 7).

The European Social Model, the "regulated capitalism" argument, the mutual solidarity principle, the concept of economic and social cohesion, the argument in favour of equal opportunities and the *politique d'accompagnement* argument are the ideas that, according to the literature, are part of the solidarity discourse that contributed, in some ways, to shape the 1988 cohesion policy reform. In the next paragraphs, we will observe how and in what measure these ideas are present in the 1986-1988 speeches by the key actors within the Commission. Whenever possible, we will relate these ideas to the concrete institutional developments of cohesion policy.

Solidarity discourse in Delors' speeches

The solidarity discourse is highly relevant (36,4%) in 1986-1988 Delors' speeches. Figure 9 shows the top five categories that are present in Delors' solidarity discourse. In the light of what we discussed in the previous section, it is no surprise that "European Social model" is the most recurring category in the speeches. Drake (2000: 129, see also Faludi 2007: 473) describes how central is the European model of society in Delors' vision, and characterizes it as a "triptych of co-operation (…) competition (…) and solidarity." Our empirical analysis proves this observation to be right. From a quantitative standpoint, the European Social Model is the most recurrent category (7.5%) in Delors' speeches. In his speeches, Delors characterizes the model by making explicit comparisons with two other 'advanced' societies, the American and the Japanese, which are at the antipodes from the European model: on the one hand the Japanese value society over individuals; on the other hand, the Americans value individual above any other societal tie. The European model is something in between: it is characterised by a balance between individual freedom and social rights (21OCT88_DEL, 43). The European Social Model epitomises this balance and it is implemented by various means. First, with an economic policy that must ensure a preservation of "social achievements and ... [of] the standards of living" (23SEP88_DEL, 14). Then an organisation of work which is based on "a certain type of large enterprise, different from the American and Japanese model" (21OCT88_DEL, 39). The model has also a territorial dimension, based on a "still relatively harmonious distribution of population between cities, between the urban and the rural world" (21OCT88_DEL, 39). The preservation of the European Social Model is considered the "Europe of the Ideal" (12MAY87_DEL, 19, 21OCT88_DEL, 2-4) which is often contrasted with the "Europe of Necessity," represented by the Single Market and EMU.

The second most relevant category is "Social and Market balance" (6%), which refers to the "regulated capitalism" model, that, according to Hooghe (1998: 460-461)) underpinned the 1988 cohesion policy reform. Delors, according to Hooghe, was "the most influential advocate of European regulated capitalism," forging "a link between [regulated capitalism] and current cohesion policy in the years 1986-1988." In this regard, a key concept in Delors' speeches is that of social cohesion: "there is no economic success in Europe without social cohesion, this explains why I spoke of a common economic and social area" (23SEP88_DEL, 15). To ensure cohesion, the Community must "reconcile competition and cooperation [create] a bargain-free market, but with a minimum of rules" (21OCT88_DEL, 61). These rules are to be founded on two principles: "no economic progress without social cohesion and no social progress without economic success" (23SEP88_DEL, 54, 9). Elements of this are already present, "with the Importance of social dialogue in addition to the market, and a certain conception of solidarity through our social protection systems" but a social dimension must also be asserted at supranational level: "there can be no implementation of the Single Market without (...) social dimension: (...) it is not a surplus, it is inevitable."

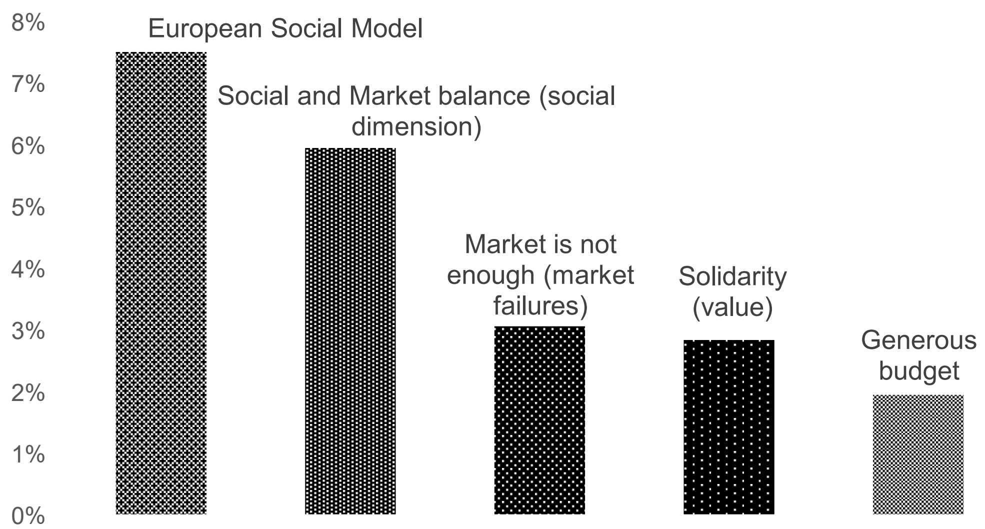

Figure 9. EC President J. Delors' solidarity discourse top five categories (%).

"Market is not enough," the third most recurring category (3,1%), is ancillary to "social and market balance," by detailing which are the shortcomings of the ongoing trade liberalization and the creation of the Single Market. According to Bauböck, Delors based the Single European Act and the common currency on a "story (…) about economic prosperity": the Single Market, and European integration, were "sold as a way of achieving growth and making the quite different

European models of welfare and regulated capitalism fit for global competition" (2017: 100). The Single Market alone, however, was not sufficient: "the Single Market is not enough to build the community, it is a necessary but not sufficient condition" (30SEP87_DEL, 31, 5MAY87_DEL, 37). The reason why, according to Delors, is that no one "fall in love with a Single Market" (6SEP87_DEL). In particular, Delors is worried about the social repercussions that the single market could have: "Europe is often, in the eyes of the workers, the quotas and the abolition of jobs" (5MAY87_DEL, 7). Moreover, the market, left to its own device, cannot produce a "balanced economic policy" (6SEP87_DEL, 58, 30SEP87_DEL, 46). Delors is also very clear on the potential consequences of a free-trade area without a social conscience: "there will simply be a free trade area that will live (…) 5, 10, 15 years, until the moment when, in the absence of political will, the free trade zone is cracking under the pressure of national interests, which at some point can no longer bear an area marked by so many tensions and imbalances" (21OCT88_DEL, 37).

The value of "solidarity" is the forth more recurring category (2.9%) in Delors' speeches (23SEP88__DEL, 10, 21OCT88_DEL, 59, 57). Solidarity is not just invoked as an abstract ideal, but as something that stems from the ties of "interdependence" created by the economic integration (23SEP88_DEL, 30). As we have seen, according to Bailey and De Propris, Delors conceived the solidarity underpinning cohesion policy not as an "*ex-post*" redistribution but as a way to "align agents before the race starts" (2002: 409). This conception is also present in Delors speech, characterizing "solidarity" as the creation of "a minimum basis, which will guarantee that Europe will not be achieved [by the means] of social dumping but by the (…) progress of the most backward [in particular]" (30SEP87_DEL, 55).

The last category, among the most relevant five, is "generous budget" (2%). In part, Delors considered the budget as a necessary condition for the normal functioning of the Community. Much in line with the MacDougall report we discussed in the first chapter, Delors estimated "the redistribution optimum" at "between 3 and 4%," while the Member States "quibble about it" (6SEP87_DEL, 68). Coherently, Delors pushes "to restore room for manoeuvre for Community policies through a significant increase in the overall ceiling of resources until 1992"

(17NOV87_DEL, 60, 10), consisting in “doubling the Structural Funds” by 1992 (5MAY87_DEL, 27, 30SEP87, 37).

Solidarity discourse in Pfeiffer’s speeches

Among the actors surveyed, solidarity discourse is mostly present in Pfeiffer’s speeches (43%). This information is consistent with Pfeiffer’s background, who, before entering the first Delors Commission, had a life-long career in trade unions, managing to become the president-elect of the German Trade Union Confederation (*Deutscher Gewekschafsbund*) in 1982. Figure 10 displays the five most relevant categories in Pfeiffer’s solidarity discourse. Of particular interest for Pfeiffer is the policy issue of “Industrial decline” (8%). According to Pfeiffer, this phenomenon derives from “the severe structural crises in the classical industries” creating “hardly foreseeable regional problems in European industrialised countries” (22SEP86_PFE, 62). The picture that Pfeiffer offers is one of a single problem that affects many different territories: “In the iron and steel industry of the Federal Republic of Germany, between 1975 and 1984, 30% of jobs were lost” (5MAY87_PFE, 32), “the number of employees in this sector in Great Britain fell by 67% during the same period.” (5MAY87_PFE, 32). It affects many different sectors as well: “Similar developments can be observed in coal mining, in the textile industry, in the production of chemical fibers, in parts of the electrical industry and, above all, in shipbuilding” (5MAY87_PFE, 34). Most relevantly, it affects the Community as a whole: “the areas of the southern and western peripheral zones of the Community have been joined by those who suffered particularly from the decline in industrial employment” (14APR86_PFE, 36). Two policies are particularly relevant to answer to the issue of industrial decline. The first one, “industrial reconversion” (4.3%), consists in “helping [industrial decline] regions to reorient their economic activity,” by transforming their economic structure (5MAY87_PFE, 55, 14APR86_PFE, 37, 50 22SEP86_PFE, 65-66). The second one, “Labor market participation” (4,3%), concerns both the unemployment stemming from industrial decline and the high unemployment situation. According to Pfeiffer, the programs financed with the ESF pursues the creation of “new and lasting employment” (14APR86_PFE, 54), benefitting in particular “the training of young people” (5MAY87_PFE, 63).

The strategy of increasing the labor market's participation is also pursued through the European Regional Development Fund, also using "its resources for investments in professional and vocational training" (14APR86_PFE, 54).

The contrast between net contributors and net recipients is particularly relevant (7,4%) for what concerns Pfeiffer's solidarity discourse. According to Hooghe, this political division is paramount in explaining the opportunity structure that made the 1988 cohesion policy possible: "when the Spanish and Portuguese governments extracted a doubling of the structural funds as a side-payment for their consent to the internal market programme, Delors and his collaborators exploited this opportunity to reform the funds" (1998: 461). Pfeiffer agrees with this version, adding, however, new elements. According to Pfeiffer, the Common Agricultural policy was "conceived as a compensation for the advantages that particularly Germany generated from the opening up of the markets and was thus an expression of financial solidarity" (5MAY87_PFE, 52). The Mediterranean Enlargement, during the eighties, disturbed the financial equilibrium that underpinned the redistribution operated through the Common Agricultural Policy: "as a result of the successive enlargement of the Community and the spilling-out of expenditure on the common agricultural policy, which mainly fed the richer northern countries, disturbed this balance" (22SEP86_PFE, 73). However, this did not change the fact that the Common Market – soon to become a Single Market – was benefitting certain Member States over others: "it can not be overlooked that the trade and current account surpluses of the Federal Republic are the 'minuses' of other partners." Hence, this situation was calling for a reduction of the "agricultural burden," "in favour of structural funds and research and technology policy" (5MAY87_PFE, 70). In order to recover the lost "political balance," the wealthier Member States need to contribute more to the Common budget: "On the contrary, it is always clear in the Council negotiations that the richer northern countries, and in particular the Federal Republic, have little tendency to provide these resources and to contribute to a restructuring of the Community budget" (5MAY87_PFE, 70). In this regard, the final category, "generous budget" (4,3%) is characterized similarly to Delors, in terms of doubling of structural funds (5MAY87_PFE, 77) necessary to pursue the objectives of economic and social cohesion (5MAY87_PFE, 67).

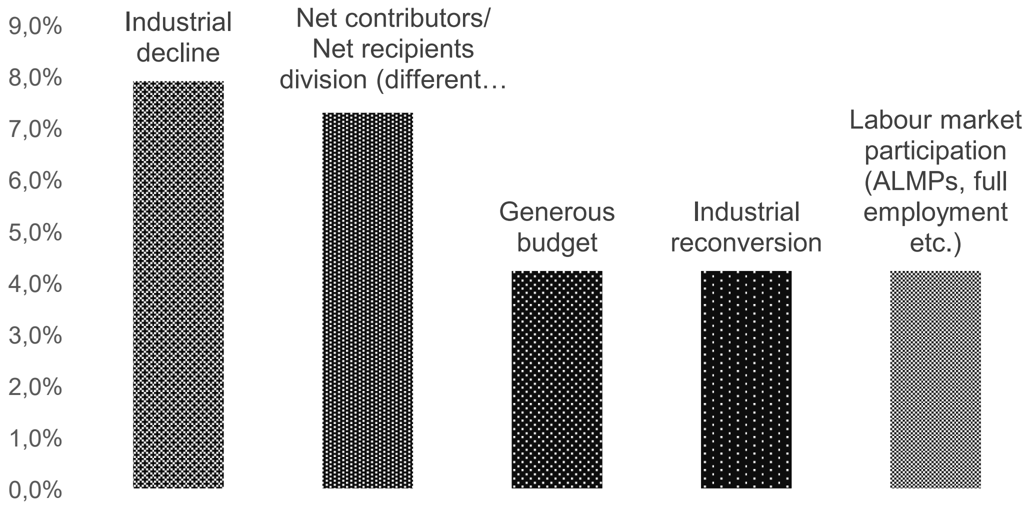

Figure 10. Commissioner A. Pfeiffer's solidarity discourse, top five categories (%).

Solidarity discourse in Schmidhuber's speeches

In Schmidhuber's 1986-1988 speeches, solidarity is the prevalent discourse (30,4%), although significantly less salient when comparing with the other actors surveyed; this also corresponds to a higher saliency of the stability discourse in Schmidhuber's speeches (17,2%). These preferences can be explained by considering Schmidhuber's political affiliation in a centre-right party (*Christlich-Soziale Union in Bayern*, CSU). In his solidarity discourse, Schmidhuber is mostly concern with the policy issue of "high unemployment" (6,82%). High unemployment is, according to Schmidhuber, a distinct European problem, which is characterized mainly in terms of long-term unemployment: "half of all unemployed in the Community are unemployed for more than a year" (25FEB88_SCM, 90, 5MAY88_SCM, 96, 25FEB88_SCM, 96, 17OCT88_SCM, 66, 4DEC87_SCM, 40). Unemployment also affects disproportionately young people (5MAY88_SCM, 97, 4DEC87_SCM, 41, 35, 98, 17OCT88_SCM, 66, 25FEB88_SCM, 95, 99, 21), women (25FEB88_SCM, 97) and peripheral regions and Member States (4DEC87_SCM, 37, 89, 40, 3MAY88_SCM, 19, 17OCT88_SCM, 49, 10DEC87_SCM, 98, 25FEB88_SCM, 108).

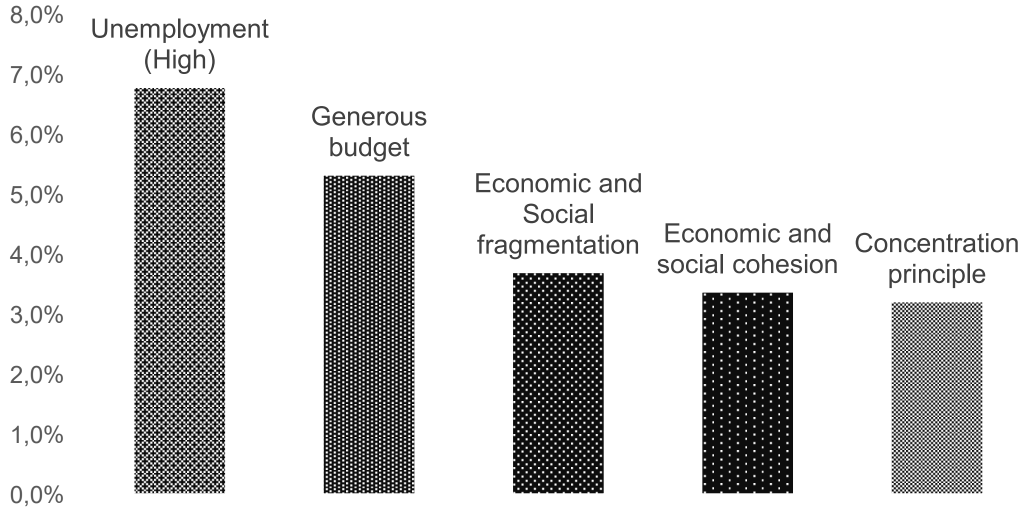

Figure 11. Commissioner P. M. Schmidhuber's solidarity discourse, top five categories (%).

High unemployment is often tied to "economic and social fragmentation" (3,7%), even though they are not coincident. According to Schmidhuber, high unemployment, especially in the peripheries, results in "economic and social cohesion of the Community" being "seriously jeopardised" (7JUN88_SCM, 106, 25FEB88_SCM, 43). According to Schmidhuber "the present situation is certainly not comparable with the world economic crisis of the 1930s. But the development at that time should make us very sensitive to tendencies to hopelessness" (25FEB88_SCM, 99), whose consequences cannot be confined to peripheral states: " this can lead to a societal-political explosive" (25FEB88_SCM, 99) and "lead to situations where the economic and social fabric of formerly rich regions is threatening to break" (25FEBB88_SCM, 113).

In terms of policy goals, Schmidhuber supports the objective of "economic and social cohesion" promoted by the Single European Act (3MAY88_SCM, 3, 30). Economic and social cohesion is characterised mainly as economic cohesion among different territories: "as a staunch federalist, I support the efforts to reduce regional disparities" (10DEC87_SCM, 84, 4DEC87_SCM, 61, 25FEB88_SCM, 106, 3MAY88_SCM, 112), especially in terms of equal opportunities among regions (17OCT88_SCM, 106, 22APR88_SCM, 78).

In line with these policy issues and goals, Schmidhuber puts the emphasis on two concrete policy proposals. The first one is, once again, the creation of a generous budget (5,4%), which is mostly characterized as the doubling of the structural funds (3MAY88_SCM, 41, 5MAY88, 89, 25FEB88_SCM, 72, 10DEC87_SCM, 18, 22APR88_SCM, 24, 29APR88_SCM, 129, 7JUN88_SCM, 43), following the approval of the so-called "Delors package" (29APR88_SCM, 125). The second policy proposal which is emphasised in Schmidhuber's speeches concerns a concrete instrument introduced by the 1988 regulation, the concentration principle (3,25%). Concentration principle is "[the] concentration of resources on clear objectives - with strong emphasis on objective 1- helps to make regional policy measures more effective" (3MAY88_SCM, 42); although the territorial dimension of this principle is quite evident (25FEB88_SCM, 74, 5MAY88_SCM, 101, 17OCT88_SCM, 54), the concentration principle is also consistent with the resolution of other problems, such unemployment: "Due to the functional concentration, a narrowly limited selection of actions is aimed at combating long-term unemployment and the integration of young people into the working life" (17OCT88_SCM, 68, 104).

2.3 Stability discourse in the 1988 reform

In the period 1986-1988, the stability discourse is a residual one, as the results of the analysis clearly show. As a matter of fact, the stability discourse is only a third of its cognate discourse, the one on solidarity (13,3% versus 40,4%). The main concept behind the stability discourse, when applied to cohesion policy, is that cohesion policy, and the budgetary policy more in general, should be subservient to the objective of stability within the European Union and its economic structures, Single Market and EMU in particular. The relation between the Single Market and cohesion policy is widely studied, especially for what concerns its 1988 reform. According to Behrens and Smyrl, the Single Market was used as a rationale to justify the continuation of European Community Regional Policy in an era where, the economic assumptions of the policy were disregarded by the mainstream economics: "ECPR has, since the reforms of the mid-1980s, been implemented in a world where economic ideas have changed radically. In this new context, the Commission had little choice but to justify the long-desired reform of ECRP as not only compatible with, but essential to, the success of the Single Market" (1999: 430, see also Hooghe 1998). The Single Market and the EMU argument are often linked to the economic convergence argument. In its basic form, the argument has been around since the Werner report in the seventies: in order to create an integrated economic area and a single currency, the Community needed to resemble an optimum currency area, in order to avoid asymmetric shocks; a "structural" policy, based on the existing financial instruments of the Community, would be used to foster economic convergence across territories (Manzella and Mendez 2009: 8). The Werner report also introduced the argument for "benevolent compensation": any further integration in the economic sphere would require burdensome structural adjustments, on behalf of the less developed Member States. In this sense, the report argued that "the solution of the big problems in [the field of competition] will be facilitated by financial measures of compensation" (EC 1970: 11). A third relevant theme in the 1986-1988 stability discourse is the one of the "budgetary discipline." In the previous decade, financial instability had troubled the Community, especially for what concerned the so-called "bloody British question." According to Lindner, in 1988 "an increasing number of member states started to endorse budgetary discipline (…) [they] began to see the need for an institutional link between the expenditure and revenue side, because the political and financial costs of continuing the current system had risen drastically" (Lindner 2005: 179-180).

Stability discourse in Delors' speeches

At around 11,6%, the Stability discourse is, in Delors' speeches, only a fraction of the solidarity discourse. As Figure 12 shows, the most relevant category, among the top five most recurrent, is "Single Market." The "single market," as discussed, is often presented as "the Europe of Necessity" (6SEP87_DEL, 31-33). Delors has been accused of "having started with a neo-liberal Europe, since I started with the Big Market" (21OCT88_DEL, 57). According to Delors, the Single Market was necessary to catalyse the European energies on a concrete objective: "What was left, according to Jean Monnet's recipe (…) was to transform this idea into an objective" (30SEPT87_DEL, 39), a recipe that Monnet himself suggested to Delors (12MAY87_DEL, 33). Other than to foster European integration, the Single Market would also bring other benefits: "[by creating] a large economic area with 320 million inhabitants, and therefore consumers, we would constitute the main force of attraction, the main engine to regain growth and employment" (12MAY87_DEL, 29, 30).

Among the most relevant categories (2,2%), “competitiveness” is something that allows understanding how the Single Market will bring about prosperity: “competition will stimulate [Europe]” (23SEP88_DEL, 23); in this sense, “the Single Market is a Schumpeterian exercise (…) there are activities that will disappear, others will be created” (21OCT88_DEL, 58)

EMU is characterized in a similar fashion: the economic union is a something necessary to have “an economic space” instead of a “liberalised, but unconscious market” (30SEP87_DEL, 45), while the cooperation in the monetary policy is seen as necessary to produce economic convergence, which “implies increased cooperation between the financial authorities and further progress in the European monetary system.”

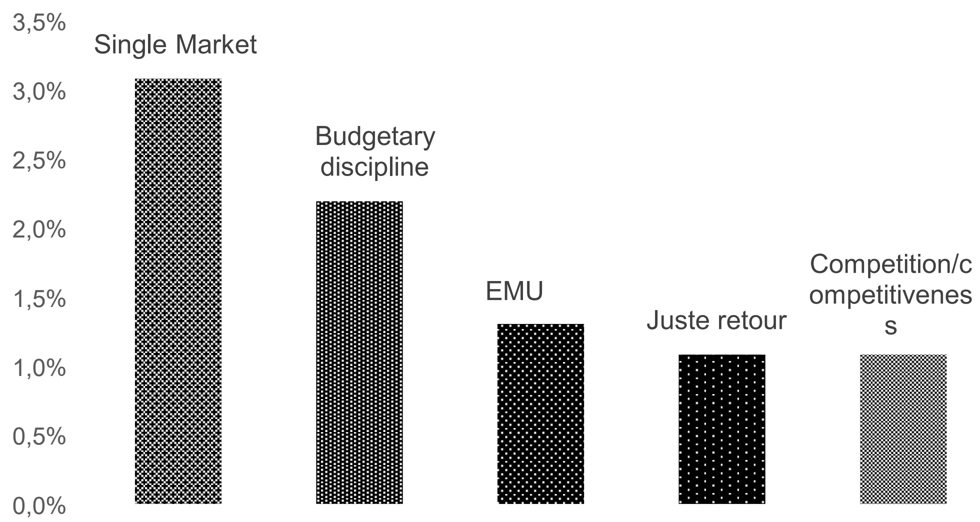

Figure 12. EC President J. Delors' stability discourse, top five categories (%).

Budgetary discipline is the second most relevant category in Delors’ stability discourse (2,2%): in order to assist “lagging regions and declining industrial regions,” the Community must be endowed with a sufficient budget. According to Delors “Let us take only the orders of magnitude: when a European pays 100 francs of taxes and social contributions, there are 2 francs for Europe” (30SEP87_DEL, 24). Budgetary discipline means also stricter control over budget spending: “the community should engage in even stricter financial regulation that currently” (30SEP87_DEL 26-27, 23) while putting “an end to certain lax behaviors that, in the past, have altered the conditions for (…) implementing the budget” (17NOV87_DEL, 39). In this regard, the reform of the

Common Agricultural Policy, much in line with the observations of the literature, is also mentioned (8JAN86_DEL, 11).

Stability discourse in Pfeiffer's speeches

Stability discourse is very marginal in Alois Pfeiffer's speeches (9,8%), especially when comparing it with its cognate solidarity discourse (42,9%). Pfeiffer mostly focuses on the economic divergence (3,7%) resulting from the Mediterranean enlargement. After the accession of Portugal and Spain, and Greece few years before, in the "differences in prosperity between the regions of the Community [emerged], with deviations of + 50% or more from the Community average" (14APR86_PFE, 20).

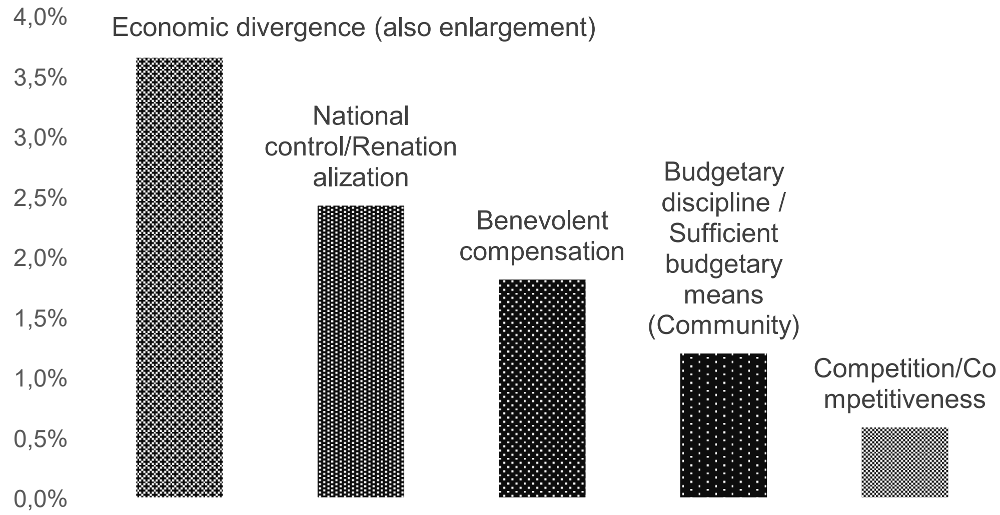

Figure 13. Commissioner A. Pfeiffer's stability discourse, top five categories (%).

Pfeiffer also frames the issue of economic divergence in terms of national divergence between peripheral and core Member States: "the social product per inhabitant in the four poorest countries of Spain, Portugal, Greece and Ireland is just half the size of the four richest countries of Germany, France, Denmark and Luxembourg" (5MAY87_PFE, 51). The discussion on economic convergence is strictly tied to the "benevolent compensation" argument, the third most relevant category (1,8%). According to Pfeiffer, financial redistribution among states is "a question of economic insight," "because [the poorest countries] represent potential expanding markets for [German] exports" (5MAY87_PFE, 52), and hence, wealthier Member States can potentially benefit from increasing the purchasing power of poorer Member States. For what concerns the second most relevant category, "National control" (2.4%), Pfeiffer acknowledges that, for what concerns both infrastructural (14APR86_PFE, 43) and economic policy "the Commission of the EC is not a government and the practical implementation of economic policy is in the hands of the national governments" (25MAY86_PFE, 22).

Stability discourse in Schmidhuber's speeches

Among the actors surveyed for the 1986-1988 period, Schmidhuber is the one who gives more space to the stability discourse (17,2%). As for his predecessor A. Pfeiffer, Schmidhuber is mostly concerned with "economic divergence," which is, once again, viewed from the perspective of the 1986 enlargement: "in the Community of six Member States, gross domestic product per head of the richest, compared to the poorest regions, was 3.5:1. With the enlargement of Greece and then Spain and Portugal, this ratio has increased to 5:1" (10DEC87_SCM, 94) which resulted in an increased "integration gradient," meaning that any "deepening" of the Community would face additional hurdles depending from enlargement (22APR88_SCM, 12). The costs of economic divergence are even more clear when comparing with the US, the economic differences between territories in the Community being, at that point in time, "two and three times as big as in the United States" (5MAY88_SCM, 68). Ultimately, the enlargement resulted in "the character of the Community itself" having "changed drastically" (25FEB88_SCM, 103).
Schmidhuber, similarly to Delors, considers the Single Market as beneficial for the European economy (4,7%). This is true especially when considering competitors such as the United States and Japan: with the Single Market, "the European economy would be able to make even greater use of the advantages of mass production, productivity gains, and thus competitiveness, which are the main competitors of the other prosperity regions in the world, i.e. North America and Japan" (23FEB88_SCM, 159, 115). Differently from his predecessor Pfeiffer, however, Schmidhuber considers the Single Market to be a potential solution for the economic divergence of the Community: "enlargement has added a new dimension to the problems of the regions. The

creation of the single market will make the relationship between Member States even more sustainable" (10FEB87_SCM, 95). This conception is consistent with the predictions of the steady state growth model. As Behrens and Smyrl put it, in this model economic convergence is inevitable, since "a unit of capital invested in a capital-poor region will yield a higher return than the same unit invested in a capital-rich region," and hence capital-poor regions "market imperfections aside" "display higher growth rates than [capital-rich regions]" (1999: 423-424). In other words, the single market, once corrected the market distortions, will create convergence between the economies even in the absence of any public intervention.

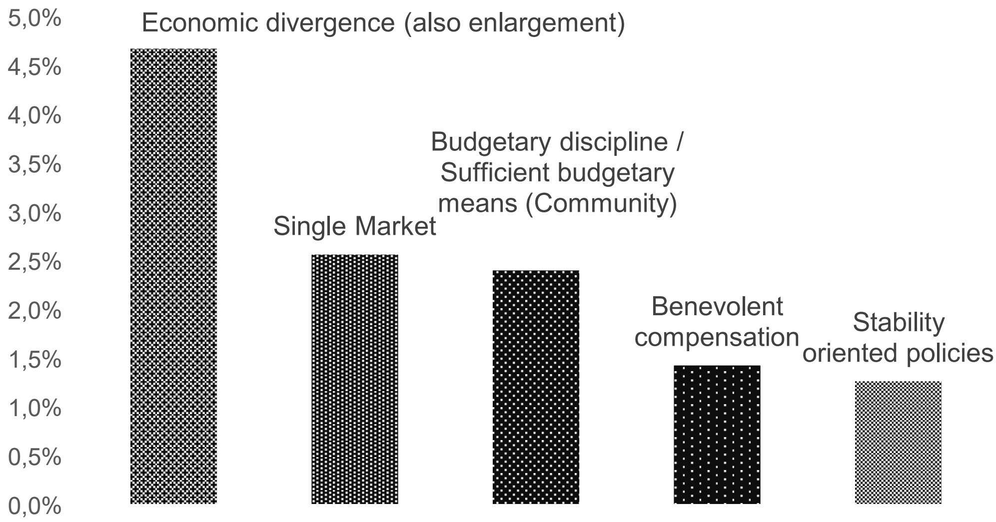

Figure 14. Commissioner P. M. Schmidhuber's stability discourse, top five categories (%).

The way in which Schmidhuber frames "benevolent compensation," the fourth most relevant category (1,5%), is also consistent with this conception. Schmidhuber uses the same argument adopted by his predecessor Pfeiffer: the enlargement will produce many tangible benefits for the wealthier Member States, *in primis* Germany, in terms of new markets: "since the EC accession of Spain, the Federal Republic has become the largest exporter for Spain" (29APR88_SCM, 6, 25APR88_SCM, 5, 23FEB88_SCM, 150, 29APR88_SCM, 6), which is used to justify why "the financial burdens are to be borne to a significant extent by the Federal Republic [of Germany]." The financial assistance to poorer Member States is presented accordingly as an investment for wealthier Member States, since "sustained economic growth in the weaker member states and regions increases the sales potential of the advanced countries" (23FEB88_SCM, 151, 3MAY88_SCM), while in other instances, compensation is presented as a consequence of "structural problems" which are the "price for the enlargement (…) primarily to be paid by the Western European core states" (10DEC87_SCM, 97). A category which is almost absent in both Delors and Pfeiffer's speeches is "stability-oriented policies," which is the fifth most relevant category in Schmidhuber's speeches (1,3%). In particular, he considers "a dynamic macroeconomic environment" to be "a central prerequisite for the productivity gains from the completion of the internal market to be translated into more prosperity and employment and an additional growth thrust." In this sense, it is of paramount importance that the Member States continue to pursue "a progressive restructuring of public budgets" and to "stabilize inflation." In this scenario, "regional policy cannot be divorced from general economic policy. Only if Member States pursuit a coordinated economic policy which creates the right framework for growth and stability can regional policy measures have their optimum effect. This means, for example, that the capital flows essential for investment must develop spontaneously and supplement public aid resources" (3MAY88_SCM).

2.4 Place-based discourse in the 1988 reform

In the 1988 reform, the place-based discourse is the third most relevant (11,9%), even though it does not occupy much more space than its cognate discourse in the 1986-1988 speeches; when comparing the two, the place-based discourse is just 3% above the sectoral discourse. The existing literature suggests a different picture, stressing how the "place-based" paradigm was paramount in shaping the 1988 cohesion policy reform (Mendez 2014: 643, Barca 2009: 3); nevertheless, the analysis correctly shows how, in this phase of cohesion policy, the place-based paradigm is still more relevant than the sectorial/functional cognate discourse. During the 1988 reform, one of the main elements of the place-based discourse is the so-called integrated approach, which, according to Smyrl (1998: 87) is in direct contrast to "a sectoral approach." The integrated approach consisted of integrating the "various and institutional components of a problem or an economic objective with a view to socio-economic development in the broadest sense." While up until the mid-eighties the European Funds had targeted different sectors (e.g. the ESF with the labor market), the integrated approach, starting with the IMPs in 1985, made use of different Funds and European policies in targeting the different problems of a region or territory, with an eye to its economic and social development. This idea is often linked to the "indigenous" growth approach. The concept of "indigenous" growth was first introduced, in the Community "epistemic" circles, with a 1981 internal document, "the Mobilisation of Indigenous Potential." Hannequart offers an exhaustive view on what this concept entails: starting from the assumption that the "set of conditions" that made possible "the success of regional policy in the sixties" probably do not exist anymore, developmental economists started to explain successful industrialisation attempts in terms of "indigenous social and economic structure" (1992: 34). In terms of cohesion policy, the "indigenous" growth approach consists in differentiating the interventions based on the different "indigenous" potential of a Region, and to exploit it in order to create territorial development.

The final argument that shapes the 1988 reform is the "subsidiarity" argument. Although subsidiarity enters as a principle contained in the Treaties only in 1992, with the Treaty of Maastricht, the concept was already lingering on the 1988 policy reform. According to Bailey and De Propris (2002: 409), in fact, the concept of subsidiarity is akin to the "partnership" principle in the 1988 reform. According to this principle, regional, national and supranational governments are solicited "to coordinate their efforts in the design, programming, implementation and evaluation of regional policy," allowing the regions "to give voice to their local needs and to promote bottom-up policy making" (*Ibid.* 415).

Place-based discourse in Delors' speeches

Only a small portion of Delors speeches is devoted to the place-based narrative (7,1%). Many of the ideas that are part of the place-based narrative within the Commission pre-dates the Delors era. As we have discussed in the first chapter, the idea of creating a direct relationship between the Commission and the regions was already suggested by the Commissioner George Thomson; many of the ideas that were used in the 1988 reform – such as the integrated approach and the indigenous growth were first introduced during the Jenkins and Thorn Commission, and supported by the Commissioner Antonio Giolitti in the creation of the Integrated Mediterranean Programme in 1984. As we have discussed, during the 1986-1988 period, Delors was characterizing cohesion policy as an instrument to preserve the European model of society and shelter it from the disruptive "Schumpeterian" nature of the Single Market. This idea has more affinity with the sectoral discourse than with the place-based discourse, since it assumes some sort of uniformity across Europe, for what concerns the relationship between individuals and society, that can be best preserved through some sort of continent-wide central strategy. European Social Model aside, Delors showed interest, since the sixties, in the idea of the "decentralization of power." This idea, according to Drake, "included traces of the principle of subsidiarity in its focus upon interests and participation" (2000: 34). The idea of subsidiarity will be, as we will see, paramount during the 1993 cohesion policy reform. However, as figure 15 shows, it is already present in the 1986-1988 period. In his speeches, Delors use the concept of subsidiarity with three, slightly different, acceptations. Subsidiarity can be considered a limit to Brussels' central bureaucracy: "The Brussels Commission should not be some kind of Napoleonic army planting its flags everywhere," "it should make rules only where it is indispensable" (23SEP88_DEL, 25, 17NOV87_DEL, 36). The second acceptation is subtler. Delors considers not just the Brussels bureaucracy, but also the national bureaucracy as a hindrance to decentralisation: "what can be best done at the local or regional level should not be done at the national level" (23SEP88_DEL, 25).

Finally, subsidiarity is considered a way to improve transparency, and hence, the citizens' participation: "the citizens of the community should be able to better understand who is doing what, what is done locally, what is done at the national level and what is at the community level" (30SEP87_DEL, 143).

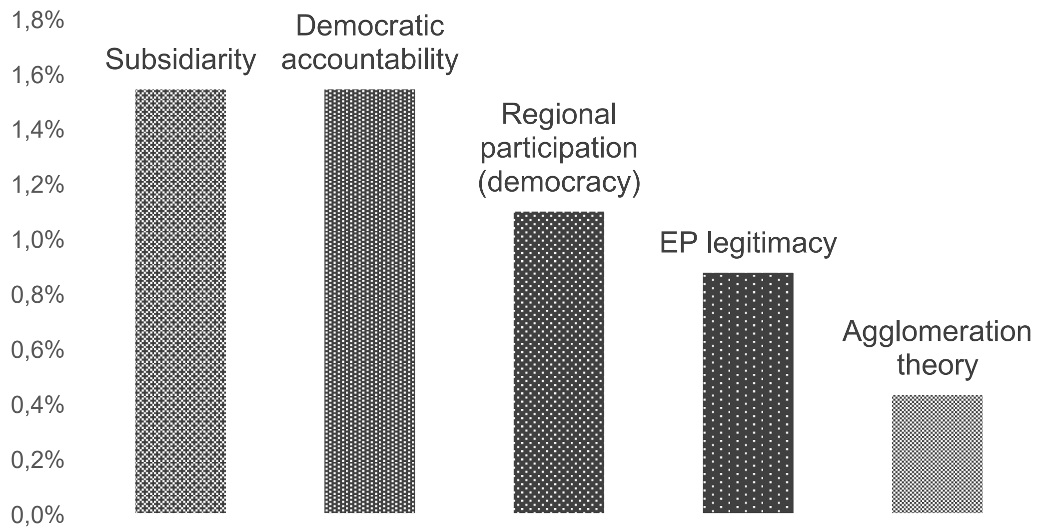

Figure 15. EC President J. Delors place-based discourse, top five categories (%).

Democratic accountability is the second most relevant category in Delors' place-based discourse, and it can help us understand how subsidiarity and increased citizens' participation are going to create a new political model for Europe. According to Delors, "there is (…) something wrong with democracy, in the way it works." This situation cannot be solved by giving all the powers to the European Parliament; according to Delors, in the first place, "national parliament [need] to be more interested in Europe." This, however, could be not enough: "if we do not find a way to create a stronger involvement in the public life, then I believe we will not succeed" (21OCT88_DEL, 55). Regional participation, the third most relevant category (1,1%), clarifies which part regions will play in the restructuring of the European democracy. In this case, Delors explicitly discusses the ideas of the historian Heinz Schilling, who argued that Europe was entering a "post-national" era. According to Delors, in order to reconcile "competition and cooperation," a federal approach is needed. And this federal approach needs to "reconcile the sense of belonging [*le sentiment d'appartenance*] and the wish to set down roots [*volonté d'enracinement]* (…) People need to be rooted. If we want to avoid (…) chauvinism (…) this rooting will be the region": "there will be no construction of Europe without the emergence of the region" (21OCT88_DEL, 61). The increased participation of the regions in the Community decision making goes along with the empowerment of the European Parliament (0,89%), which is not considered a rival to the national parliament (8JAN86_DEL, 20).

Finally, "agglomeration theory" is the fifth more relevant category in Delors' speeches. This economic theory is based on the concept of agglomeration: when trade liberalization occurs, industries tend to cluster in the wealthier territories, mainly because of better infrastructure and presence of services. Delors does not mention the theory directly but he grounds his "predictions" on the Single Market on this theory: "For a Community average of 100, GDP per inhabitant is at 115 in Germany in Denmark, compared with 54 in Portugal and Greece, hence the fear that the Single Market will be a one-way street, and that the resulting additional growth will be concentrated in the most affluent areas" (30SEP87_DEL, 35, 12MAY87_DEL, 37).

Place-based discourse in Pfeiffer's speeches

At around 13% of the total coded segments, the place-based discourse is very relevant in Pfeiffer's speeches, especially when compared with its cognate sectoral discourse (6,1%). The most relevant category is "Regional Policy (supranational)" (3,7%). As we have seen in his solidarity discourse, Pfeiffer was in favour of a rebalancing of the Common Policies, gradually shifting resources from the Common Agricultural Policy to Region Policy, soon to become cohesion policy. In his discourse, Pfeiffer explains why regional policy was going to fall, in large part, within the competence of the Community: "the (…) regional differences in the Community [will not] settle on their own (…) and for this reason the Community has developed a set of instruments with its structural funds" (25MAY86_PFE, 58, 14APR86_PFE, 5). Supranational regional policy is then, justified mainly in terms of creating economic convergence and economic and social cohesion among the regions (14APR86_PFE, 74). According to Pfeiffer, the Community's regional policy also needs to expand because of "the severe structural crises in the classical industries," creating "foreseeable regional problems" (22SEP86_PFE, 62). The other four relevant categories concern the methods that the supranational regional policy is going to employ.

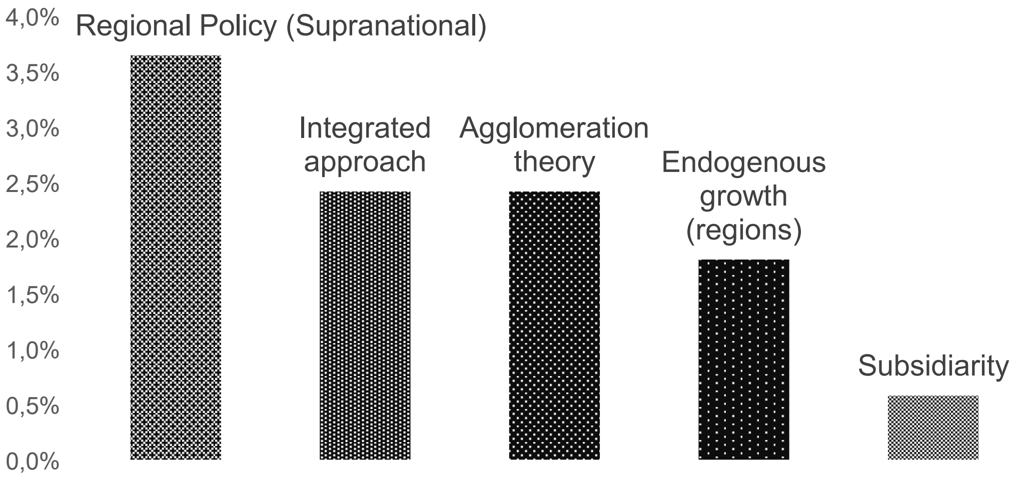

Figure 16. Commissioner A. Pfeiffer place-based discourse, top five categories (%).

Agglomeration theory (2,4%), as we have seen, concerns the theoretical underpinnings that justify the creation of a regional policy. Pfeiffer spells the theory even more clearly than the other actors within the Commission. Starting from the aforementioned assumption that "regional differences in the Community [will not] settle on their own," and that "appropriate global strategies and actions do not provide a single guarantee for the reduction of imbalances within the regions and the disparities between them," public intervention is needed: "in less developed areas, economic-oriented infrastructures such as transport and communication are usually preconditions for the [economic] development and creation of jobs in a region" (14APR86_PFE, 40-42). This idea is strictly related to the "endogenous growth approach" (1,8%), which consists in "mobilizing the endogenous potential for development" (14APR86_PFE, 49), by introducing "new products and production processes," supporting "research and development and the introduction of new technologies" (in the region targeted. The concrete delivery of this strategy adopts the "integrated approach" (2,4%), which, according to Pfeiffer, consists in ensuring "that the individual measures and their objectives are coherent and applied in the right mix," with the Commission improving "coordination between its various structural policy instruments (14APR86_PFE, 50, 55), which are going to aid "the formation of material and human capital" in the regions (14APR86_PFE, 54).

Place-based discourse in Schmidhuber's speeches

During the 1986-1988 period, Schmidhuber's place-based discourse has a very large share (15,1%), even if it is not far more relevant than the sectoral discourse (11,5%). One of the recurring categories is "regional participation (democracy)" (1,9%). According to Schmidhuber, it is necessary to better represent local interest in the Community decision-making process; as a matter of fact, "Commission has placed special emphasis (…) on bringing those concerned at regional and local level into the process of planning and implementing regional assistance" (17OCT88_SCM, 97, 95, 25FEB88_SCM, 139, 148, 3MAY88, 53). The principle that is going to improve regional participation in the policymaking is the "partnership" principle (1,6%). The partnership is going to be maintained "at all stages of our involvement: the preparation, financing, monitoring and assessment of the programmes" (5MAY88_SCM, 107, 104, 3MAY88_SCM, 17OCT88_SCM, 85).

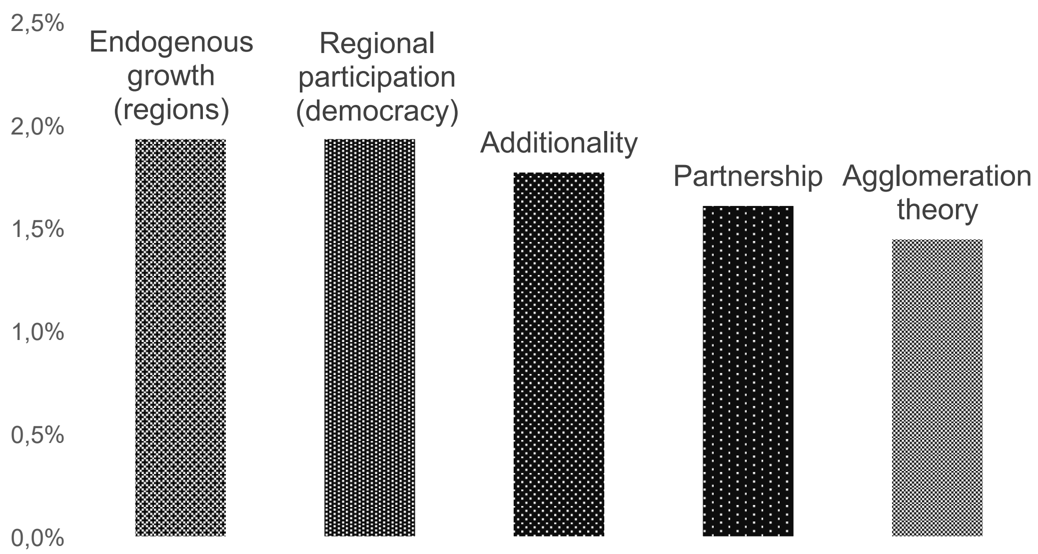

Figure 11. Commissioner P. M. Schmidhuber place-based discourse, top five categories (%).

Schmidhuber also openly discusses the "agglomeration theory" (1,5%) in relation to the spatial effects of the Single Market. It is worthy to notice that he has an "agnostic" position, especially when compared with his predecessor: on the one hand, according to Schmidhuber, "there is the (…) view that initially (…) weakly developed regions could use the special opportunities [offered by the Single Market] to catch up [with] the leading regions," on the other hand "it is certainly true that those regions in which there are companies with a strong market position will have something to gain [from the creation of the Single Market]" (7JUN88_SCM, 101). Nonetheless, he recognizes the possibility of negative effects for the less developed regions: "it is true that a large single market without borders also carries the danger of growing concentration." The two remaining categories are policy principles that are a mainstay of the 1988 reform. The first one, additionality (1,8%), has been one of the main objectives in reforming Community's regional policy since the mid-seventies, as we have discussed in the first chapter. According to Schmidhuber, ERDF (and cohesion policy) "must not result in a mere substitution of (…) existing government spending" (5MAY88_SCM, 101); the necessity of additionality (17OCT88_SCM, 99, 3MAY88_SCM, 62) is justified by the fact that "the effectiveness of [regional policy] is largely dependent on the interplay between national and Community regional policy" (17OCT88_SCM, 106). Finally, "partnership" (1,6%), is the practical implementation of the "endogenous growth" principle, consisting in "close consultation between the Commission, the Member State concerned and (…) with all parties as partners pursuing a common objective" (17OCT88_SCM, 90, 80, 5MAY88_SCM, 104, 3MAY88_SCM, 3).

2.5 Sectoral discourse in the 1988 reform

As we have discussed, the sectoral discourse is presented by Mendez as the cognate discourse to the "place-based discourse" (2012: 19-21, see also Scholich 2007: 10). In some ways, the two discourses are antithetical: the EU sectoral discourse, for instance, involves "spatially-blind" development policies which encourage agglomeration in order to promote EU-wide objectives. Also according to Mendez, this discourse has two variations. The first one is the "sectoral functionalist" variation: cohesion policy should be based on sectoral funds that are aimed at promoting objectives that are related to EU strategies such as the Lisbon strategy or Europe 2020. The second one is the "sectoral coordination" variation. While the sectoral element is still present, the policy instrument is different: the pursuit of EU-related objectives should be based on soft-law instruments, such as coordination. Historically, "sectoral coordination" was prevalent before the mid-review of the Lisbon strategy; in 2005, as we discussed in the first chapter, the "sectoral functionalism" discourse emerged as a way to enhance the effectiveness of the Lisbon Strategy, and cohesion policy started to be employed to pursue the strategic objectives of Lisbon.

In 1988, the sectoral discourse was still mostly based on coordination between Member States; for instance, while economic growth for the whole Community is considered a desirable objective, cohesion policy is still largely place-based and only indirectly tied to EU-wide objectives; these, in turn, did not take the shape of a formal strategy like the Lisbon Strategy. According to Streeck, in this phase, "sectoral specialization is organized through territorially-based political governance," with "economic sectors [becoming] *regionally concentrated*" (1999: 9). The 1988 Cohesion policy was highly consistent with the place-based paradigm. There were, however, sectoral aspects to it. According to Preston, "by funding programmes with a sectoral bias for steel, shipbuilding, energy, tourism and Community enlargement problems, the Commission hoped to become involved at an early stage in planning regional development, thereby increasing the leverage of Community funds and facilitating additionality" (1983: 24). Hence, while Community's intervention through cohesion policy took the shape of a "place-based" development policy, in many instances, the Community's intervention was justified in terms of sectoral discourse, by looking at sectors whose development would assist the economic development of the whole community.

Sectoral discourse in Delors' speeches

The sectoral discourse occupies only a small portion (6%) of Delors' speeches in the period 1986-1988. Europe, in the early eighties, was affected by the so-called "eurosclerosis": "persistently high levels of unemployment in the runup to EMU, despite national reform efforts, raised the stakes for common European Employment and social inclusion strategies." However, the answer given by the European policymakers was based mainly on the Single Market, making "social policy (…) a secondary concern" (Martin 2003: 274). Delors' sectoral discourse, and especially its emphasis on the "economic growth" of the Community (2%), is consistent with this framework. According to Delors, "the construction of Europe is (…) a useful instrument for enabling the

European countries to remain in the forefront economically" (23SEP88_DEL, 36). Economic growth will mostly result from the creation of the single market, since "it can be assumed that, as the large market progresses, there will be a rise in living standards, especially in low-wage countries" (30SEP87_DEL, 56, 38, 23SEP88_DEL, 13), with the new activities created outnumbering the activities that are destroyed in the "Schumpeterian exercise" that the Single Market entails (21OCT88_DEL, 59). In Delors' discourse, this will also solve the Eurosclerosis, since the Single Market is " a pool to exploit growth and hence [create] jobs" (30SEP87_DEL, 16). "Public investments," following the plan of the European Commissioner for Transport, the Environment and Nuclear Safety Stanley Clinton-Davis, are part of this strategy and should act as a "stimulus," increasing the growth-enhancing effect of the Single Market (5MAY87_DEL, 29, 12MAY87_DEL, 35). The strategy to create growth also involves "cooperation" among the Member States, consisting in the so-called "cooperative strategy of growth," "that is to say the optimum and combined use of the margins of manoeuvre of each other" that would enhance the effects of the internal market of 0,5 additional points of growth (30SEP87_DEL, 38).

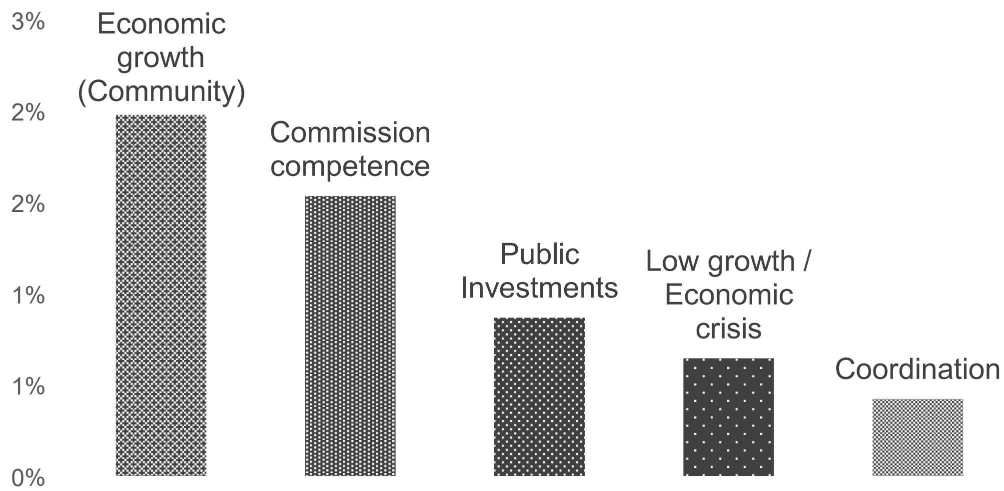

Figure 18. EC President J. Delors sectoral discourse, top five categories (%).

The last category is "Commission competence" (1,6%). The European Commission is central in Delors' strategy to relaunch the integration process (17NOV87_DEL, 47), since it will monitor the implementation of the "commitments" made by the Member States and safeguard the coherence of the overall strategy (21OCT88_DEL, 28, 17NOV87_DEL, 12).

Sectoral discourse in Pfeiffer's speeches

At 6,1% of the total segments, sectoral discourse is only a residual part of Pfeiffer's speeches. As for Delors, the economic growth of the Community constitutes one of the most relevant sectoral-related categories (1,2%), although the way in which Pfeiffer characterizes the path towards economic growth is slightly different than in Delors' discourse. As a matter of fact, Pfeiffer is mostly concerned with the development of the less developed regions (22SEP86_PFE, 76) which needs to be brought about by a strengthened "economic dynamism" and "technological impetus" (14APR86_PFE, 25). "Public investments," then, are necessary to create economic dynamism in the Community (14APR86_PFE, 37). As in Delors' sectoral discourse, public investments are used also to contribute to "the functioning of the internal market" (14APR86_PFE, 24), in order to remove "significant bottlenecks" and improve the connections within the internal market, also in relation to the existing cross-border initiatives such as EUREGIO (14APR86_PFE, 44). Differently from Delors, Pfeiffer puts emphasis on the role of SMEs (small and medium enterprises) in enhancing growth. According to Pfeiffer, the Community needs to "to facilitate and promote the creation and the development of small and medium-sized innovative companies" (14APR86_PFE, 46) since these companies can provide the services that are needed to create local and regional development (14APR86_PFE, 45).

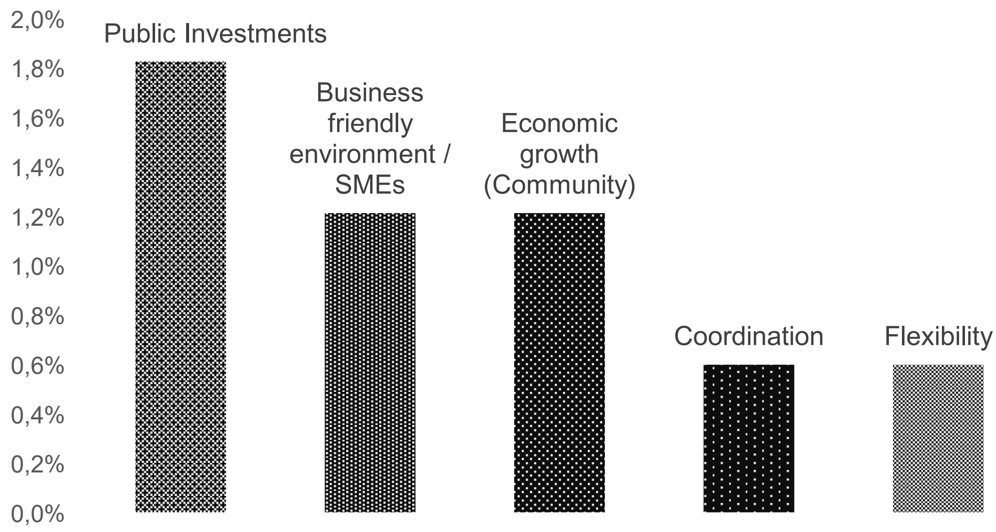

Figure 19. Commissioner A. Pfeiffer sectoral discourse, top five categories (%).

Sectoral discourse in Schmidhuber's speeches

Among the actors surveyed, the sectoral discourse is the most represented in Schmidhuber's speeches (11,5%). "Economic growth" is, once again, one of the recurring categories (2,9%) with the parallel category "low growth" (1,3%). The sectoral discourse of Schmidhuber, in this regard, shares aspects both from Delors' and Pfeiffer's discourses. The Single Market is considered a means to boost economic growth and "hence to combat unemployment in the Community" (3MAY88_SCM, 18, 25FEB88_SCM, 78, 4DEC87_SCM, 113). The "catching-up efforts of disadvantaged countries and regions" are also part of the strategy to create "substantial growth impulses for the whole European Community" (4DEC87_SCM, 92). As Delors, Schmidhuber also puts emphasis on the "cooperative strategy for growth and employment" (5MAY88_SCM, 54), a EC-wide strategy that involves the cooperation of Member States in achieving growth.

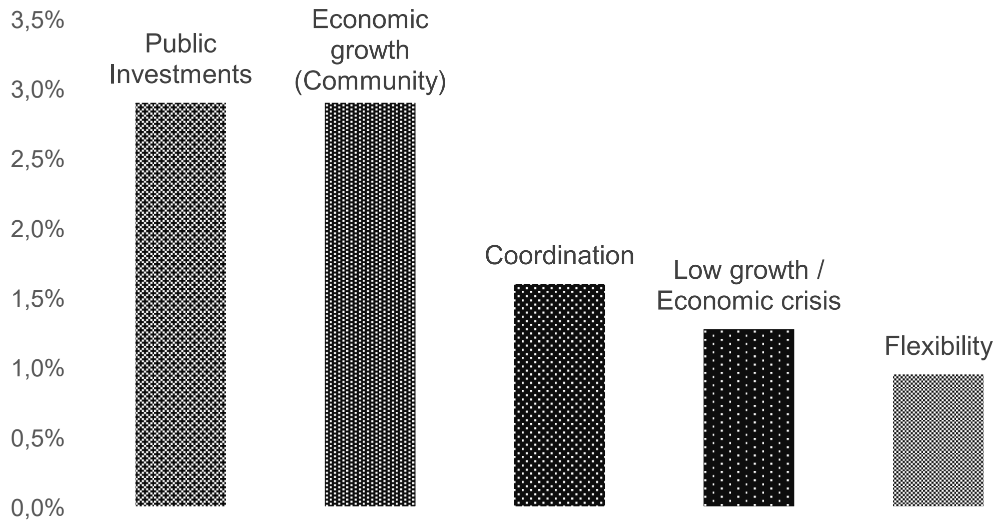

Figure 20. Commissioner P. M. Schmidhuber sectoral discourse, top five categories (%).

Public investments (2,9%) are one of the instruments to create additional economic growth. Public investments are formally supported by the Community through the ERDF and other Community programmes (5MAY88_SCM, 77, 74, 3MAY88_SCM, 15) to create "the growth necessary [for the less developed regions] to catch up with other parts of the Community" (5MAY88_SCM, 74, 4DEC87_SCM, 98). As in Pfeiffer's speeches, public investments are also necessary for the Single Market to succeed, since "[it] requires an appropriate infrastructure" (4DEC87_SCM, 97-98). Finally, public investments are also part of the cooperative effort by the Member States to create growth, since "the necessary financial policy contribution to the [Cooperative Growth] strategy can only be successfully implemented through a coordinated approach by the Member States" (4DEC87_SCM, 100, 104). Schmidhuber also puts the emphasis on the role of the Commission to create a EC-wide strategy based on economic growth and employment and to ensure the success of the Single Market. Differently from Delors, however, the emphasis is not on the formal competence of the Commission in monitoring and implementing the strategy, but on its role in ensuring the necessary "coordination" to make the common efforts succeed (1,5%), especially for what concerns the structural Funds (3MAY88_SCM, 34, 41, 44-45).

3. 1988 cohesion policy reform: summary

The 1988 cohesion policy reform is presented in the literature as the epitome of the solidarity *ethos* of the European Community, as well as the reform that contributed to the mainstreaming of the place-based approach and created the multi-level governance in the Community. As we have seen, the results of the analysis are quite in line with the literature: both the solidarity and the place-based discourse are overwhelmingly represented in the speeches by both EC President J. Delors and Commissioner A. Pfeiffer. Moreover, the fact that both the discourses are more relevant than their cognate discourse is in line with the output of the 1988 reform, which, as discussed in chapter four, was characterized by both the presence of redistribution and the absence of political (exogenous) conditionalities.

Crucial to understanding the policy is the relation between the solidarity and the stability discourse in Delors' speeches. As a matter of fact, Delors characterized the European integration as being composed of two parts: on the one hand, the Europe of Necessity, on the other hand, the Europe of the Ideal. The Europe of Necessity was the Europe that had stalled for a long time and that needed to regain its confidence by creating the condition to restore its competitiveness. The Single Market was part of this. But, per se, Delors did not value this Europe above the Europe of the Ideal. The latter was characterized as the preservation and the revivification of the European Social Model, which was the peculiar way in which the European society was organized. This model consisted, according to Delors, in a society that was balanced between individual freedom and social responsibility. Cohesion policy was part of this model, according to Delors: since, as we have seen, both Delors and Pfeiffer (and in a smaller part, Schmidhuber) were informed by the agglomeration theory, they believed in the fact that the market could have a disruptive impact on peripheral territories. Hence, cohesion policy was conceived as a way to fully develop the peripheral economies and, at the same time, to allow every region to compete within the Single Market. While among the actors surveyed there was a general consensus on these basic principles, Commissioner Schmidhuber, who succeeded to Pfeiffer in 1987, had a slightly different take on cohesion policy. As we have discussed, the stability discourse is more relevant than in all the other actors surveyed, and he considers particularly relevant the pursuit of stability-oriented policies. While during this phase the stability discourse is generally not as prevalent within the

Commission, we will see these ideas have more relevance in the successive 1993 reform, when Schmidhuber will become Commissioner for Budget and he will oversee the creation of the Cohesion Fund.

Chapter VI – Cohesion policy: the 1993 reform

1. The 1993 Reform

1.1 Status quo ex-ante

Previous political developments

After the creation of the European Single Market, a major treaty revision (Single European Act) and the Delors I package, the First Delors Commission was generally considered to be a successful experience. As a matter of fact, the European Parliament conferred Jacques Delors a new mandate as President of the European Commission in 1988. When the Berlin Wall fell in November 1989, however, the events took an unexpected turn. This circumstance had enormous consequences on the history of European integration. The Community's political equilibrium was predicated on the balance between France and West Germany, which, on many aspects, were equivalent: population, geographic extension, and, after the creation of the CECA, the accession to vital economic resources. This balance, however, primarily resulted from the division of Germany in two distinct states after the Second World War. Now that the power structure that undergirded that equilibrium was changing after the end of the Cold War, also the Community's political and economic balance was going to be altered. The United States was in favor of the reunification. However, West Germany wanted to reunite with Eastern Germany in an environment of trust: hence, the European allies, France and the UK, became pivotal in allowing the reunification (Van

Middelaar 2013: 183, Martin and Ross 2003: 8). While the UK made clear that its aversion to the German reunification was non-negotiable, France put the creation of EMU as a *conditio sine qua* non to accept it. As discussed in the first chapter, France wanted to create a common currency area since the completion of the Common Market in 1968. According to Dyson (2014), in this way, France hoped to be able to tame the financial power of Germany, which, since the late fifties, had become the most potent creditor state of Europe. Germany was favorable to create the monetary union in principle but asked to first achieve convergence between EEC economies, coherently with the prescriptions of the optimum currency area theory (Begg 2003). In the mid-seventies, the first oil crisis abruptly put a halt to the debate. When the issue resurfaced after 1989, France and Germany had the same positions they had in 1971: France wanted EMU since it was the "only way of harnessing the supremacy of the Deutschmark" (Van Middelaar 2013: 185); Germany approved EMU, but wanted the economic partners to achieve convergence first. The question was settled in 1989, at the European Council in Strasbourg, where Chancellor Kohl gave his approval to EMU, and President Mitterrand agreed on the reunification of Germany.

At the Maastricht summit, in December 1991, the twelve Member States agreed on the text of a new treaty, the second major Treaty revision after the Single European Act in 1986. After the national parliaments ratified this Treaty, the Community officially became the European Union. The major innovations involved changes in the decision-making system, with the European Parliament acquiring new legislative powers, mainly consisting of the new co-decision procedure with the Council. The EU was also provided with some competences on foreign policy. The most relevant innovation, however, was the creation of Economic and Monetary Union. In this regard, the EU stuck to the original Werner plan, elaborated in the seventies, which was based on the synthesis between the French and the German position: economic convergence was to be pursued in parallel to the creation of the common currency. The Maastricht treaty incorporated four criteria to measure the progress on convergence, based on the concept of "sound public finances." These criteria were particularly hard on the four poorest Member States, which were Greece, Spain, Portugal, and Ireland. Hence, to assist them in undertaking the structural adjustments requested by the Maastricht Treaty, the other Member States agreed on creating Cohesion Fund, which was conceived as a public investment policy to create new public infrastructures while also improving the environmental conditions. The policy was conceptually similar to the ERDF, but it targeted countries instead of regions.

The debate on the 1993 cohesion policy reform took place in such a climate. As discussed in the first part of the previous chapter, during the 1988 reform the political divisions were settled after the 1984 Fontainebleau Summit, and the Single Market granted economic gains to all the participants. The Maastricht Summit, on the other hand, saw two major political divisions. The first one was between the Northern and the Southern European Member States. Both of them assumed that everyone would eventually gain from being part of EMU. Of the two, however, Southern European Member States were the one that had to immediately commit to painful financial and economic adjustments in order to converge towards the economies of Northern European Member States. In this regard, the Cohesion Fund was agreed in principle as a benevolent compensation, but the details, such as the final budget, needed to be discussed in future negotiations. The second division was between those in favor of more integration and those in favor of retaining national control on a number of policies. In this regard, during the Maastricht negotiations, was discussed the creation of a Social Union. However, Denmark and the UK opposed the initiative, insofar as they wanted to preserve their national prerogatives in this policy field. In the next few sections, we will see that both these political divisions had a role in shaping the 1993 cohesion policy reform.

1.2 The 1993 reform: an overview

The reform process, formal perspective: inter-governmental negotiations

Analogously to the Single European Act with the 1988 reform, the Maastricht Treaty, signed in February 1992, initiated the 1993 cohesion policy reform. The Treaty gave the mandate to create a new "cohesion" fund in order "to provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure" (Article 130d). At the same time, Article 3b introduced the subsidiarity principle, which consisted in the possibility for EU intervention in non-exclusive competence areas "only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member Stats (…) and can therefore (...) be better achieved by the Community." In February 1992, the Commission issued a Communication clarifying the objectives of the reform. The Communication, also known as Delors Package II, started with a positive evaluation of the 1988 reform. At the same time, however, it recognized that there were "disappointments (...) with regard to the coordination of economic policies and the social dimension." The Communication then indicated that the 1992 reform was meant "to create conditions for economic convergence needed to make the transition to the final stage of Economic and Monetary Union on 1 January 1997 and (...) to make our economies and our businesses more competitive" (COM (92) 2000: 2-3). The Communication also expounded the philosophy behind the Maastricht Treaty: during the negotiations, the Member States discussed the creation of a Union based on different gradients of integration, according to the economic capabilities of the individual Member States; however, according to the Commission, "one of the clearest messages to emerge from the Maastricht European Council [was]: rejection of a multi-speed Europe" (COM (92) 2000, pp. 3). While the political rationale to avoid a multi-speed Europe was quite evident, there were still doubts concerning the economic rationale, especially for those Member States that had to undertake cumbersome structural adjustments. As the Commission pointed out: "On the one hand, the criteria used to measure convergence will call in particular for greater budgetary rigour, which cannot be achieved without negative effects on growth and social well-being. On the other hand, the march towards greater cohesion presupposes a dynamic economy so that any adjustments can be made in the best possible conditions, and disparities in development possibilities and living standards can be eliminated" (COM (92) 2000: 3). In being "one of the pillars of the Community structure," economic and social cohesion allowed to solve this apparent contradiction, by making "optimum use of the various Community policy instruments in order to reconcile the aims of cohesion, convergence and growth." This, however, required "adequate financial resources." Accordingly, the Commission required the European Parliament and the Council to set "the ceiling on Community resources (...) at 1.37% [of GNP for 1997]" allowing "the budget to grow by some 5% per year in real terms" (COM (92) 2000: 5) The Communication also provided the guidelines of the future cohesion policy reform. It introduced, in particular, greater simplification by reducing decision-making procedures on programming from three stages to two. Other aspects of the reform included greater flexibility, with the possibility to extend programmes for Objective 1 regions; an increased role for Community initiative programmes; and "more modulation": "the rate of assistance could be adjusted" "to help the countries concerned to achieve tighter discipline and greater efficiency in budgetary policy and thus work for more convergence and cohesion." For the same reason, the Commission would set up the new Cohesion Fund, which "will be to [Greece, Ireland, Portugal and Spain] what the structural policies are to regions." Also in this case, then, the reform was intended to "promote economic and social cohesion and (...) to help [cohesion countries to] meet the convergence criteria which are a precondition for moving to the third stage of Economic and Monetary Union" (COM(92) 2000: 15).

A second Communication, focusing on the new budgetary envelope, was issued in March 1992. This Communication is of particular interest since it clearly explains the causal reasoning behind the Delors II package and its relation with EMU. As we have seen in the first chapter, during the initial negotiation on EMU, back in the early seventies, the debate was divided into two camps: the "economist" policy stance of Germany, which was asking to create economic convergence before entering a monetary union, and the "monetarist" position of France, which considered the common currency as antecedent to economic convergence, a necessary condition for the structural adjustment of the European economies. The compromise, endorsed by the Commission, was to pursue economic convergence while creating a monetary union at the same time; this position was also the one driving the Maastricht project. Economic convergence was necessary to have EMU, but it was also a result of EMU implementation: "The high degree of convergence between economic policies to be achieved by the end of stage II of Economic and Monetary Union will be a factor contributing to cohesion." Nevertheless, the measures to achieve convergence were considered by the policy-makers to "have only a partial or slow effect," having the potential to give rise to "immediate costs (…) hard to bear." At the same time, labor market rigidities could constitute a hindrance to the mobility of the workforce, and, in any event, "large waves of migration would run counter to the Community's basic objective of achieving the harmonious development of economic activities over the whole of its territory." This outcome could result from the implementation of the Maastricht criteria in the poorer Member States. As a matter of fact, the "strict budgetary discipline in order to fulfil the macroeconomic conditions for (...) stage III (...) could lead to a reduction in the financial resources devoted to public investment" pitting one against the other "the process of convergence of economic policies [and] the goal of cohesion" (COM(92) 2001 final: 13). An increased cohesion spending, then, would provide the necessary fiscal buoyancy to create the economic convergence required by EMU while preserving economic and social cohesion. The concrete proposal confirmed the rise of the overall ceiling to 1.37% of GNP (COM(92) 2001 final: 19). The new budget also foresaw "a 2/3 increase in the allocations for Objective 1 regions and hence a stronger concentration of structural Fund operation in this regions," and an overall 58% net increase in the financial allocations for the structural Funds (COM(92) 2001 final: 22-23). For what concerns Cohesion Fund, the Communication revealed how the Fund was going to be linked to Maastricht convergence criteria: "Member States' access to the Fund will be conditional on the introduction of programme to meet the convergence conditions, particularly on budget deficits, and subject to Community monitoring in the context of multilateral surveillance." (COM(92) 2001 final: 26). Finally, the Commission decided to introduce two innovations to the own resources' structure:

A. To reduce the maximum rate to the uniform VAT base from 1.4 to 1%

B. To reduce the VAT base cap from 55 to 50% of GNP, a measure which "would lessen the (...) influence of the VAT resource for the less prosperous Member States by making it more like the present GNP resource. In this way, the Commission contributed to "reduce regressive aspects of the existing system" (COM 2014: 46).

The first scrutiny occurred during the Lisbon Council at the end of June 1992. The Council reaffirmed its commitment to achieving economic and social cohesion, in line with the provisions introduced by the Treaty on European Union. It was also decided that the East German Länder would receive an "equivalent treatment" to that of objective 1 regions, i.e. those regions with less than 75% of the EU average GDP. However, while there was "agreement in principle on the renewal of the interinstitutional agreement" for the multi-annual financial framework 1993-1997, the final agreement was postponed to the Edinburgh Council, in December 1992. This delay pushed the Commission to review the initial Delors II Package proposal, in order to make it more appealing for the Twelve. In particular, the five year-long financial framework was extended to seven years (1993-1999) and the initial ceiling prospect (1.37% of GNP in 1999) was reduced to 1.32% of GNP in 1999 (EC 2014: 45). The Edinburgh Council finally managed to reach an agreement. The own resources ceiling was further lowered to 1.27% to accommodate the opposite pressures both from the UK government — asking for a 1.25% ceiling — and from the "cohesion" Member States — asking for at least a 1.30% ceiling (CVCE 2014: 2-3). The Presidency Conclusions of the Summit also better specified the relationship between Cohesion Fund and the budgetary discipline introduced by the Maastricht Treaty. Annex 3 defined "macro-economic conditionality" as the possibility to cease the Cohesion Fund financing to those Member States having "an excessive deficit" after a Council decision "under Article 104 c.6," with the suspension occurring in the event that the "decision is not abrogated under Article 104 c. 12 within one year or any other period specified for correcting the deficit under a recommendation under Article 104 c.7" (EC 1992: 83).

Cohesion policy, 1993 reform

Once the budgetary envelope was secured, the Commission needed to design the final cohesion policy regulation. The first step in this direction was the proposal contained in the Communication that the Commission submitted to the Council of the European Communities in March 1993. In its preamble, the proposal spelled: "the Structural Funds should continue to be governed until 1999 by the main principles of the 1988 reform." Accordingly, both Article 4 and 5 from the previous 2052/88 regulation remained substantially unchanged. The new proposal also sought to introduce "improvements to make structural policies more effective." In this sense, new commas were introduced to Article 6, 7, 8 and 9 to allow a better monitoring. In particular, for what concerns Article 6, the new c. 2 introduced "continuous assessment designed to highlight their impact with respect to the objectives." Objective 1 received a similar treatment at Article 8 c. 4, which introduced new requirements for the Member States in terms of information to submit to the Commission in order to receive funds. The same occurred with Objective 2 (Article 9 c. 8). In the same vein, Article 16 introduced the requirement, for the Commission, to submit an *in itinere* report on the progress made to the European Parliament, the Council and the Economic and Social Committee. Other minor changes concerned the introduction of new tasks to take into account the new objectives of the Treaty on European Union. For the European Social Fund, it was the promotion of equal opportunities in the labor market and an active labor skill policy related to workers in the industrial decline areas. For the European Regional Development Fund, it was the introduction of investments in the education and health sectors.

The Economic and Social Committee issued its opinion in May 1993. In its comment, the EESC critiqued, once again, the partnership principle. All in all, the opinion had a favourable tone, especially for what concerned the new role which was attributed to the EESC, along with the EP and the Council, in monitoring the structural Funds implementation. One of the major concern of the EESC regarded not the proposal in itself, but the budget approved at the Edinburgh summit, which was considered to be "inadequate." The European Parliament examined the Commission's proposal in July 1993. In the amended proposal, the Parliament sought to create a stronger supranational policy — as it did in 1988. In particular, the amended versions of Article 9 tried to change the soft environmental "appraisal" with an environmental assessment that needed to be compliant with "Community legislation and policies in the sphere of environmental protection." Other articles, such as Article 12 and Article 17, introduced a stronger role for supranational authorities in the monitoring of the policy.

Council Regulation No. 2081/93 was adopted in July 1993. As it was in 1988, the amendments made by the European Parliament were completely disregarded in the final text. Nevertheless, there were relevant indeed changes from the initial proposal. As discussed in the first chapter, it was partly because of these changes that many scholars considered the 1993 reform as a "renationalization" of cohesion policy. The changes can be clustered in two different sets. The first group concerns eligibility criteria. One of the points of contention was that, in the 1988 regulation, the suitable regions for objective 1 were mainly selected by the Commission on the basis of formal criteria. Some of the Member States considered this to be an interference in some of the competencies that, traditionally, belonged to national authorities. Indeed, the decisions made by the Commission were not discretionary, but this formal attribution of powers was enough to stir up controversy in the intergovernmental arena. With Regulation No. 2081/93, the Council sensibly changed the preallocations of Objective 1 regions made by the Commission

(Article 8 c. 1), by adding the new federal states of Germany, three NUTS III French *arrondissements* and the Abruzzi region. The changes were even more pronounced for what concerns Objective 2 regions. The initial proposal gave the Commission the prerogative to "establish an initial list of the areas" eligible under Objective 2 assistance (Article 9 c. 3, COM (93) 67 final). The final regulation attributed the same prerogative to national authorities: "the Member States concerned seal prop to the Commission (...) the list of areas which in their view should benefit from assistance under Objective 2 (...)" (Article 9 c. 3). The second set of changes concerned the governance of the policy: in particular Article 5 c. 2 reduced the Commission's initiative on assistance to "those [forms] established by the Member State or the competent authorities designated by the Member State."

The Cohesion Fund

As discussed, the Maastricht Treaty, the following communications by the Commission and both the Lisbon and the Edinburgh councils dealt with both the cohesion policy reform and the creation of the Cohesion Fund. The Cohesion Fund, *per se*, was part of cohesion policy. However, at this time it was not a competence of the Regional Commissioner Bruce Millan, but of the Budget Commissioner Peter M. Schmidhuber. The creation of the Cohesion Fund also followed a completely different legislative process from the one we have seen. It is worthy to take a look at it since the significance of the Cohesion Fund regulation for the future cohesion policy reforms, especially the one in 2013. As we have seen, the Lisbon Council, in June 1992, failed at reaching an interinstitutional agreement on the EU budget for the 1993-1997 period while managing to "[agree] that the Cohesion Fund provided for in the Union Treaty would be put in place in Ireland, Portugal and Greece early in 1993." A month later, the Commission issued a communication which contained the draft regulation. In this document, a total of ECU 10'000 at 1992 prices was destined to four Member States whose per capita GNP was below 90% of the Community average. It was presented as a structural fund that gave assistance to Member States and not to regions. In the case of the Cohesion Fund, 85-90% of public expenditure was covered by the EU, unlike the other structural Funds where the assistance rate was only 75%. In this case, the assistance was also conditional: according to Article 6 c. 1 the Council, "acting by a qualified majority on a proposal from the Commission," and whenever "a Member State is not acting consistently with the Council recommendation which would allow it to make satisfactory progress towards the fulfilment of the conditions of economic convergence as set out in Article 104c of the Treaty," may request the Commission "to suspend the granting of assistance from the Fund." Both these features, as we have seen, were already anticipated by the Delors II Package Communication and "The Community's finances between now and 1997" Communication. The definitive proposal was submitted by the Commission on 5 January 1993 to the Council. This final version contained some substantial differences from the initial draft: the total budget was increased to ECU 15'150 million; at the same time, however, the assistance rate was reduced to 80%. Moreover, Article 2 was supplemented with a new comma, which stated the possibility of reviewing the eligibility for assistance in the event a member state per capita GNP would surpass the 90% of the Community average threshold. Finally, the new Article 10 c. 5 introduced a list of conformity criteria that the projects needed to fulfil. This proposal was not the definitive one: in March 1993 the Council had approved the Council Regulation (EEC) No 792/93, which established a cohesion financial instrument; in the successive months, the Commission — in its words — needed to take account of "experience gained in 1993" after the cohesion financial instrument was established." Even though information about such experience is not publicly available, the revision of the draft itself can suggest something about it. The proposal contained in the Communication (93) 699 Final put forward major revisions that concerned almost every aspect of the Cohesion Fund. The new Article 2 C. 2 contained a list of the cohesion countries, indicating that only them were eligible for the fund "until the end of 1999." The proposal contained a more detailed evaluation procedure. The evaluation itself was considered a "technical support measure" and hence financed by Article 3 under a 100% rate as in Article 7 c. 3 "not [exceeding] 0.5% of the total allocation." In line with the concomitant cohesion policy reform, monitoring and evaluation were reinforced, to the point where the new procedures exceeded the analogous provisions of the other structural Funds. The proposal, in fact, opened the possibility to have *in itinere* adjustments whereas required by the Commission on the basis of the results of monitoring and evaluation (Article 13 c. 2). Finally, the proposal contained an Annex which detailed the indicative allocation of the total resources of the Cohesion Fund among the beneficiary Member States. Spain had the lion's share, based on the substantive criteria specified in Article 5 c. 1.

In the successive few months, the proposal was subjected to the formal scrutiny by the Parliament and the EESC. However, while in the previous cohesion policy reforms the EP amendments were simply disregarded, this time the events took a different turn. The Treaty on European Union had entered in force on November 1, 1993. With the new Treaty, the Economic and Social Committee was placed side by side with the new Committee of the Regions as advisory bodies in the legislative process. At the same time, the European Parliament made a step up concerning its role in the legislative process, with the new co-decision procedure which allowed the Parliament and the Council to jointly adopt new regulations. This new power resulted, for the 1994 reform, in the need for the Council to receive the assent of the European Parliament.

The first in line to express its opinion on the Cohesion Fund proposed regulation was the Economic and Social Committee, which sent its remarks to the Council in February 1994. In line with the comments sent on the 1992 Commission's communication, the Committee asked for the regional authorities and the economic and social partners to be more involved in the decision-making concerning the Cohesion Fund's projects. The Committee also asked more flexibility in financing projects and for the Cohesion Fund regulation to be re-examined in 1996. There were no substantial comments on the political conditionality attached to the fund. Next was the European Parliament, which debated the regulation in March 1994. In its proposed amendments, the Parliament shared the line of the Economic and Social Committee, asking for the regional authorities to be more involved in the decision-making. Differently from the EESC, however, the Parliament attempted to lessen the impact of the macroeconomic conditionality, by suggesting that "the Council and the Commission shall take into account the changes in socio-economic circumstances since the decisions of the Edinburgh Council and weigh up the adverse consequences which any suspension would have on the Member States and on the Community's economy" (Article 6 amended). The Parliament, however, approved the rationale behind political conditionality, as the amended preamble shows. Amended Recital 6b made clear that political conditionality was not going to constitute "in any event (...) a punishment for their unsatisfactory economic results but rather an incentive for cooperation in the economic and monetary spheres." Much in line with its attempts at amending the structural funds regulation, the Parliament asked also in this occasion to be more involved in the monitoring and evaluation of the Cohesion Fund's operations.

The final opinion before the Council vote came from the newly instituted Committee of the Regions, which was created in 1994 after the Maastricht Treaty in order to officially represent regions and cities in the EU. The CoR, by large, approved the Cohesion Fund, since it was providing "a practical expression of European solidarity, (...) an extremely positive contribution towards strengthening the economic development of the regions of the most outlying and least developed Member States" (CoR 1994: 2). At the same time, however, the CoR criticised some aspects of the Cohesion Fund's regulation, such as the macroeconomic conditionality, asking "to take account not only of the exceptions laid down in Article 104c(2) of the Treaty, but also of the goals of the convergence programmes approved by the Council" when deciding whether a government deficit is excessive; in other words, the CoR asked not to ground the decision just on formal criteria, but to take into account also the economic situation of the state in question. A second critique concerned the involvement of regional authorities both in the decision-making and in the policy-making, as well as in the monitoring: the very nature of the Cohesion Fund, being managed by national and not regional authorities, contradicted the rationale of cohesion policy, which was based on the idea of "endogenous development" and regional participation; the CoR wanted to correct this by asking for a more substantial involvement of the regions and the local authorities in the management of the Fund's operations. When the final regulation was approved in May 1994, the concerns of both the CoR and the EESC were substantially disregarded. The basic structure of the policy was preserved: differently from the other two structural Funds, the Cohesion Fund was directly managed by national governments. In line with the preferences expressed by the Commission, the Fund was meant to support transport and environmental policy; a second difference was that the co-financing was reduced in favour of the recipient states so that the redistributive motive of the fund appeared quite evident. Another innovation, preserved from the initial proposal, was the introduction of the macroeconomic conditionality. In this regard, both the Commission and the EU Council participated in deciding the suspension of the fund in the event of an excessive deficit: the Commission needed to ascertain, from a technical perspective, the violation of the convergence programme criteria; the EU Council would then take the final decision by qualified majority.

2. 1993 cohesion policy reform: speech analysis

In this section, we will take an in-depth at how the cohesion policy reform, and the creation of the Cohesion Fund, was presented by the actors involved in the reform process within the European Commission. While in the 1988 reform we surveyed the European Commission President and the European Commissioner for Regional Policy, in the case of the 1993 reform it will be necessary to consider a third institutional position. As a matter of fact, as we have discussed in the previous paragraphs, the creation of the Cohesion Fund was not managed by of the Commissioner for Regional Policy, but it was put under the responsibility of the European Commissioner for Budget and Human Resources. The actors will be, then, the EC President Jacques Delors, the Commissioner for Regional Policy Bruce Millan, and the Commissioner for Budget and Human Resources Peter M. Schmidhuber. The discussion of the policy positions of these actors will be the same we adopted in the previous chapter. First, we will discuss the preferences of the 1993 Commission, by looking at the general picture and policy preferences of the single actors. Then, we will look more in detail at how these preferences vary across the policy actors, by looking at the four typical discourses surrounding cohesion policy reforms. In the end, we will assess the congruence between the policy preferences expressed before and during the decision-making process by the actors involved and the actual output of the reform.

2.1 Overview of the Commission policy preferences (1990-1993)

While the 1988 reform was conceived around the potential and economic effects of the Single Market, during the period preceding the 1993 reform (1990-1993) the EU policymakers were mostly focused on the next challenge, that is to say, EMU. Cohesion policy, however, is not presented during the 1993 reform as a direct "companion policy" to EMU, in the way it was for the Single Market during the 1986-1988 debate. As figure 21 shows, the Commission was mostly concerned with aspects related to the democratic participation to the EU decision-making. One of the most relevant categories is "subsidiarity" (5,3%), which, as we will see, will be characterised, in the place-based discourse, as a way to improve citizens' participation by reverting the "centralizing tendencies inside the Union" (Streeck 1999: 5) and encouraging a vertical cooperation between the different levels of government, from local to supranational, in the EU governance. Two relevant categories semantically-related to subsidiarity are "democratic accountability" (2,8%) and "regional participation" (2,8%). For what concerns the budgetary package, the emphasis is, once again on "generous budget": as we discussed, in 1992 the budget of cohesion policy was expected to double. Moreover, the Maastricht Treaty gave the legal mandate to further increase the budget in order to create the Cohesion Fund in 1994. The discourse within the commission also tended to emphasise both "budgetary discipline" (3,2%) and "budgetary constraints" (2,7%), most likely as a result of the German reunification and the budgetary constraints it put on the largest net contributor to the EU budget.

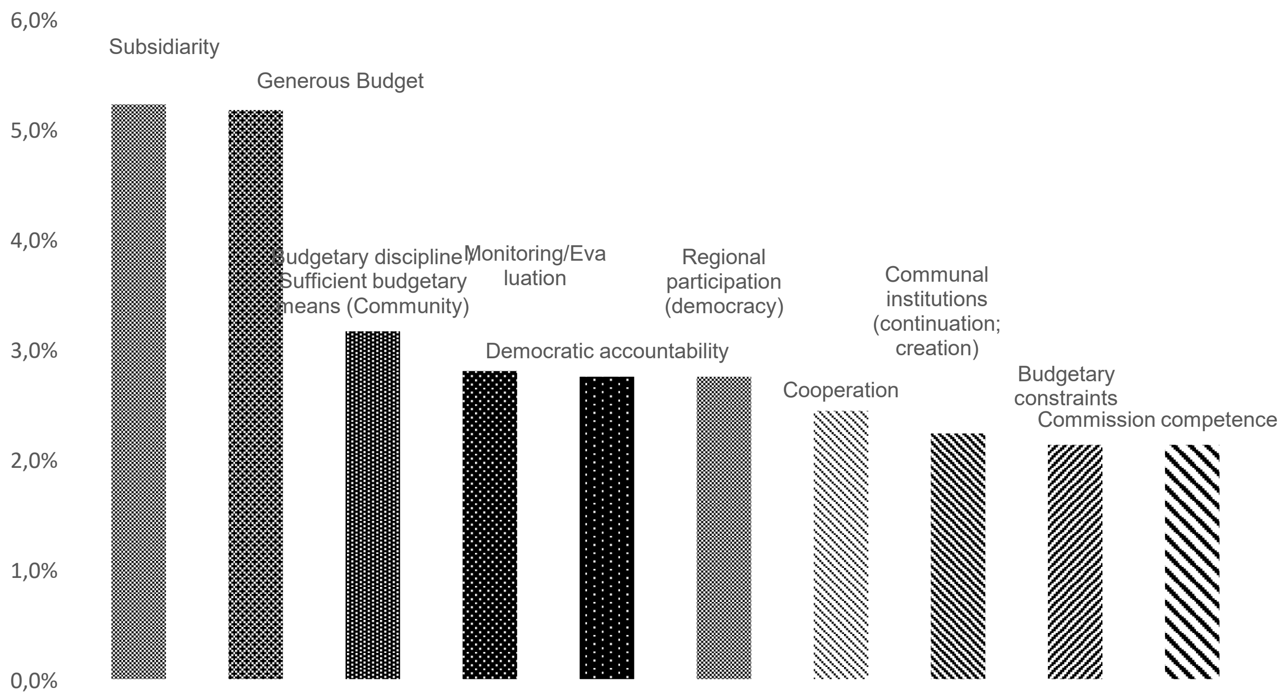

Figure 21. European Commission's preferences (1990-1993), top categories (%).

discourse: “monitoring” (2,8%), “cooperation” (2,5%), “Communal institutions” (2,1%) and “Commission competence.” As in the previous period, the emphasis is much on the “sectoral cooperation” among the Member States. There are, however, categories that are much more in line with the “sectoral functional” discourse, arguably resulting from the centralization of monetary policy (Streeck 1999: 5).

For what concerns the four discourses, the picture is quite different from the 1988 reform, as figure 22 shows. While the four discourses are still very relevant, representing almost 70% of the total speeches (compared with 65% in 1988), the solidarity discourse is, in 1993, much less salient (21,8%) than in 1988. At the same time, the other three discourse has gained more space. Coherently with the emphasis on subsidiarity and regional participation, the place-based discourse (19,4%) has become almost as relevant as the solidarity discourse. During the 1990-1993 period, the sectoral discourse is also almost doubled when compared with the 1986-1988 period.

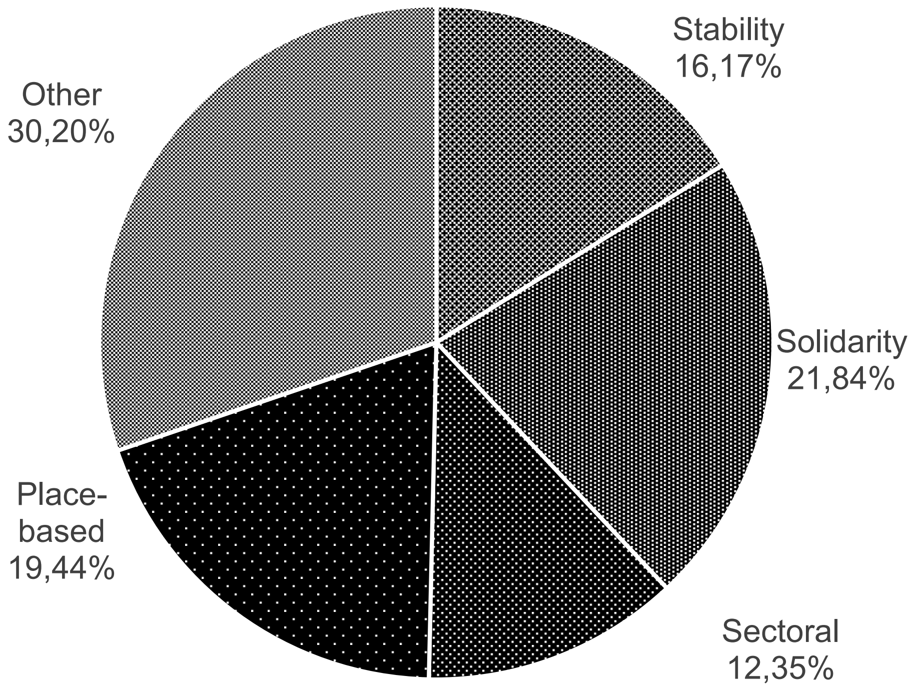

Figure 22. Commission's four discourses (1990-1993).

During the same period, the stability discourse also increased (16,2%), consistently with what we would expect: this reform, as we have discussed, coincided with the Maastricht Treaty and the creation of EMU; these reforms, in turn, contributed to the mainstreaming of the German "stability culture" within the wider European economic culture. This, as we will discuss, ultimately affected also the 1993 cohesion policy reform.

As for the 1988 reform, there is significant variation within the Commission. Figure 23 shows which discourse is prevalent according to the different actors. The Y-axis displays the solidarity-stability polarity, with solidarity being the positive pole. The same for the X-axis, which displays the place-based – sectoral polarity. As the figure shows, the "aggregate" discourse is in the upper right quadrant, since both the solidarity discourse and the place-based discourse are prevalent during the 1993 reform. However, the individual preferences change across the actors surveyed. The EC president Delors' discourse is mostly concerned with the solidarity discourse (13,3% on the solidarity-stability polarity) while his place-based - sectoral discourse is slightly more balanced (5,3% in favour of the place-based pole). The opposite is true for the European Commissioner for Regional Policy, Bruce Millan: while his position on the solidarity-stability polarity is quite balanced (3,8% in favour of the solidarity pole), the place-based – sectoral polarity is decidedly tilted towards the place-based polarity (17,20%).

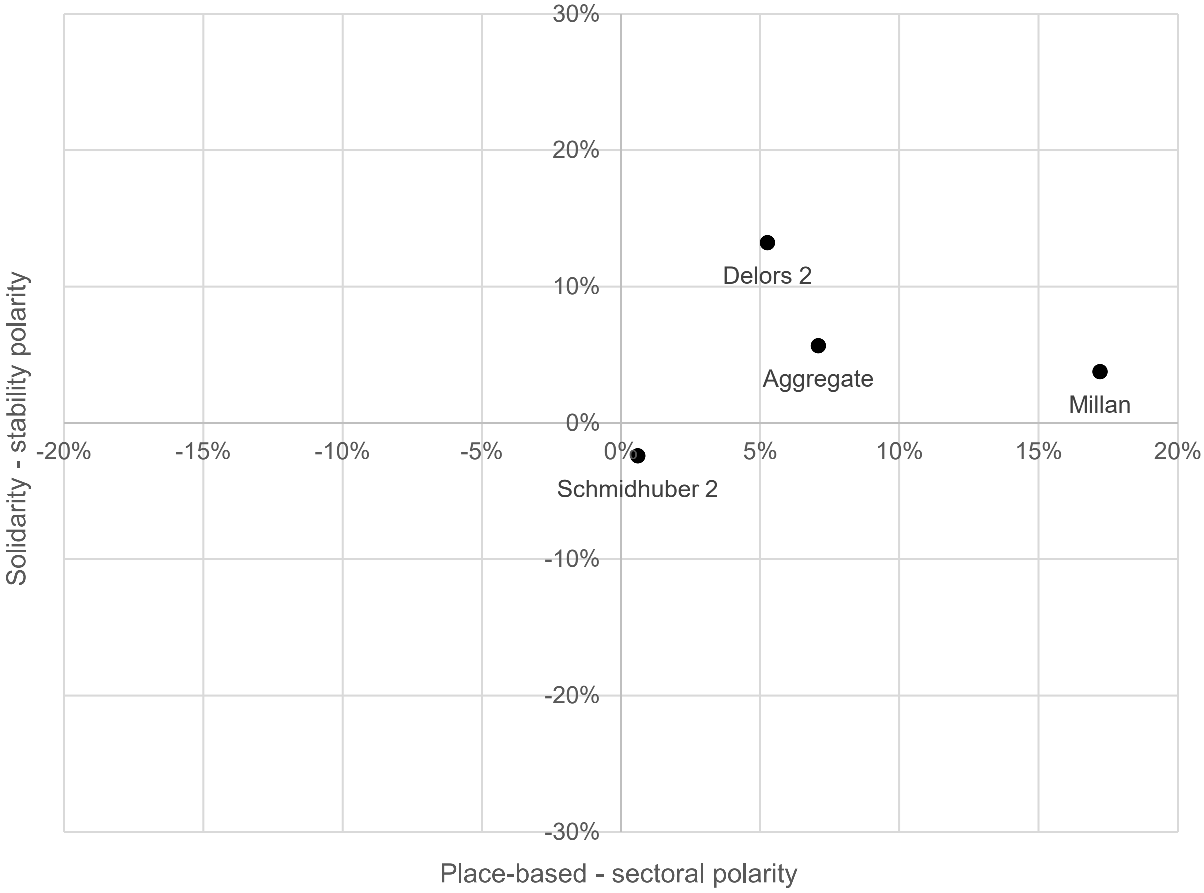

Figure 23. Key actors' four discourses (1990 - 1993).

The EC Commissioner for Budget Peter M. Schmidhuber is, instead, in the lower right quadrant, in a position nearing the axes origin. While his discourse on the place-based – sectoral polarity is slightly tilted in favour of the place-based polarity, the situation changes in regard to the Y-axis: the stability discourse is, in fact, more relevant in Schmidhuber's speeches than the solidarity discourse. We have already observed, in regard to the 1988 reform that this emphasis on stability can be explained by the political affiliation; we will observe, during the speech analysis, that many of the positions of Schmidhuber are much in line with the aforementioned German "stability culture."

2.2 Solidarity discourse in the 1993 reform

Even if the solidarity discourse is, during the 1990-1993 period, not as relevant as in the period leading to the 1988 reform, it is nevertheless the most relevant discourse among the four discourses surveyed. In discussing the role of the solidarity discourse in the 1993 reform, the scholarly literature mainly focuses on two aspects of the reform, mostly in relation to the Maastricht Treaty and the EMU project. The first aspect is the doubling of the budget. As we have seen, in 1988 the structural Funds' budget was doubled to cater to the need of the less developed regions in adjusting to the new Single Market. The reason for doubling the budget in 1993 is related to the principle of reinforcing "economic and social cohesion" within the EU. This principle, which was first introduced in the 1986 Single European Act, according to Van Middelaar, "began to take on a life of its own" as early as in 1991, when "Spain managed to have 'the strengthening of economic and social cohesion' included in the [Maastricht Treaty] as an objective," thus having "solidarity between rich and poor member states (…) anchored in binding articles." (Van Middelaar 2013: 265, Manzella and Mendez 2009: 16). In December 1992, the Delors II package was introduced, leading "to a doubling of the resources allocated to Cohesion policy over the 1994-1999 period." This is generally considered tied to EMU: "The doubling of aid in the new budget has generally been explained by Delors and outside observers as necessary to maintain cohesion for the entire Maastricht set of reforms and, above all, EMU" (Lange 1993: 10). Lange considers the doubling of the structural Funds as a way to compensate, in the short-run, the poorer member states faced with an anguishing dilemma: "The barriers to entry into EMU were set very high, apparently at the urging of the Germans. This posed two rather unenviable choices for the poorer countries. On the one hand, they could fail to enter the monetary union (…) On the other hand, they could undertake the measures necessary to meet the entry conditions, imposing severe austerity policies on their populations." In this situation, then, a generous cohesion budget, also assisted by the new Cohesion Fund, would compensate "the anticipated short-run political costs for the governments in the poor countries" (Lange 1993: 10-12). Other authors, like Faludi, consider the doubling of the structural Funds as a way to uphold the European Model of Society in the face of increased competition: "the mixed economy and society (…) was in need of becoming more competitive. Europe ought not, however, to open itself up to the full floodtides of the international market" (2007: 574 see also Ross 1995: 46). Hooghe agrees with this interpretation, in that she observes that the further increase "by 50% in 1993" considerably ratcheted up "Europe's redistributional effort." Both the 1988 and the 1993 reforms, according to Hooghe had not the purpose "to replace imperfect market forces or to pay off losers, but to upgrade the potential for indigenous economic growth in lagging regions by inducing public and private actors to create and share collective goods" (1998: 459). In this regard, the 1993 reform "widened the partnership principle to address not only the relationship between (…) different levels of governments (…) but also to propagate the involvement of economic and social partners (…) in the European policy process." This is the second relevant feature of the 1993 reforms, for what concerns solidarity. Within the EMU framework, Delors was strongly in favour of including a social dimension along with the political and the economic dimensions that were present in the Maastricht Treaty. According to Hooghe and Marks, employment policy was inserted "as a Russian doll within EMU" since Delors and his collaborators were interested in the potential for EU to play a (...) role in combating unemployment and sustain welfare" (2001: 139). At the same time, Delors attempted at establishing a "People's Europe," based on "thirty basic social rights (…) specific proposals for social policy harmonization and (…) 'social dialogue' between workers and employers" (ibid.: 140). Both the creation of a generous budget and the attempts at creating the social dimension were conceived as a "Russian dolls strategy" to "actively craft regulated capitalism in Europe." In the next section, we will analyse the 1990-1993 speeches to observe whether if these ideas were present in the solidarity discourse preceding the 1993 cohesion policy reform.

Solidarity discourse in Delors' speeches

The solidarity discourse accounts for 25,6% of the total of Jacques Delors' speeches for the period 1990-1993. As figure 24 shows, "economic and social cohesion" is widely present in Delors' solidarity discourse (2,4%). Economic and social cohesion is presented as "one of the pillars" of "the New Europe" (26FEB92_DEL, 51, 8DEC91_DEL, 11). As such, it is endorsed almost unanimously by EU institutions and advisory bodies: the European Commission (8DEC91_DEL, 42), the European Council (26FEB92_DEL, 10) and the Committee of the Regions (8MAY92_DEL, 42); ultimately, it is linked to "all the questions that are at the heart of the 'People's Europe'"(8MAY92_DEL, 49). Substantially, economic and social cohesion is considered an "effort in favour of the less-developed regions or regions in difficulty" (22MAY92_DEL, 57) and as such linked to "the achievement of [economic] convergence" (16DEC92_DEC, 10). In characterizing economic and social cohesion, however, Delors makes an important distinction from the concept of economic convergence: "cohesion does not consist only in (…) statistics but also in the feeling of participating in the same collective project (…) beyond the simple logic of financial transfers or technical assistance" (8DEC91_DEL, 11). In this sense, "economic and social cohesion" is based on "solidarity" (1,6%), which implies sharing resources "between rich and poor regions" (3APR92_DEL, 37, 27SEP93_DEL) but it "needs to be seen from a perspective beyond the distorting theory of the '*juste retour*'" (26FEB92_DEL, 13).

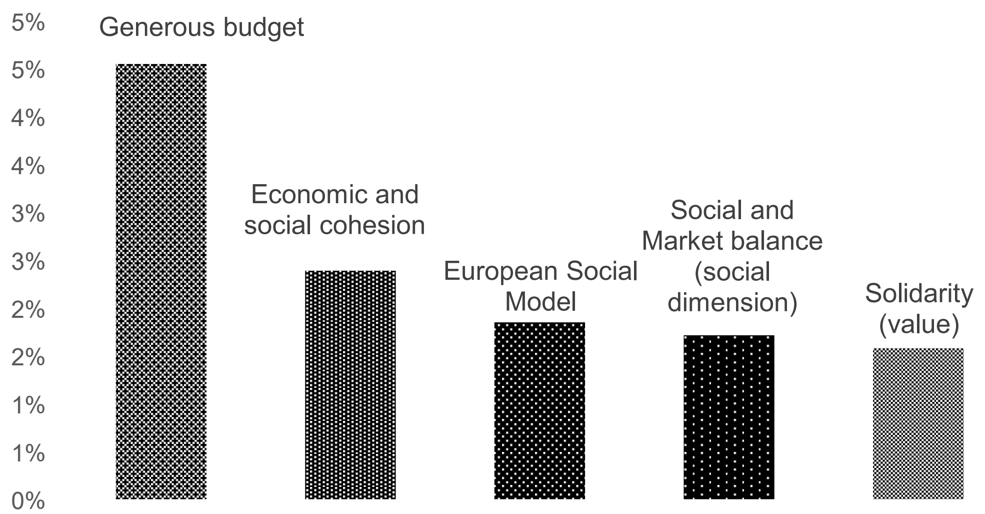

Figure 24. EC President J. Delors solidarity discourse, top five categories (%).

In this regard, solidarity both underpins the objective of creating a "social and market balance" (1,7%) and preserving the European Social Model (1,9%). For what concerns the former, Delors conceive welfare as an extension of the concept of civil rights: "in a society based on civil rights (…) the law must have positive aspects for the unluckiest or the most disadvantaged" (3APR92_DEL, 30). The social partners need to be involved in the EU decision-making

(3APR92_DEL, 7) and workers are to be empowered "with a minimum of rights, without which [the Community would favor] social dumping" (4FEB92_DEL, 26). It is worth to notice, however, that Delors does not explicitly link the "social dimension" to cohesion policy. For what concerns the European Social Model, the position of Delors has remained consistent with his position during the 1988 cohesion policy reform: the European Social Model "run up against the ultraliberal dogmatism on the one side and the conservatism of many of those who claim to defend it on the other" (27SEP93_DEL, 23), in being a "synthesis between competition and cooperation." Differently from 1993, the emphasis is on social dialogue: the European Social Model, in fact, "is also a synthesis between the market, the role of public institutions and social dialogue" (27SEP93_DEL, 23, 3APR92_DEL, 21). The so-called Delors Package 2 "even if insufficient" is necessary to the "maintenance of the European model of society" which is at stake. In this regard, "generous budget" is the most relevant category in Delors' solidarity discourse (4,6%). The emphasis is, of course, on the doubling of the structural Funds (22MAY92_DEL, 46, 4FEB92_DEL, 27) and on the creation of the Cohesion Fund (26FEB92_DEL, 54, 16DEC92_DEL), which are characterized, respectively, as "solidarity between the regions" and "solidarity between states" (15DEC92_DEL, 51). Cohesion policy and its budget is also explicitly compared to the Marshall plan from a quantitative standpoint (3APR92_DEL, 35).

Solidarity discourse in Millan's speeches

The solidarity discourse is not the prevalent discourse in Commissioner Millan's speeches (14,3%), especially when compared with EC President Delors. As figure 25 shows, the most relevant category in Millan's solidarity discourse is, as it is for both Delors and Schmidhuber, "generous budget" (4,7%). Millan presents the doubling of the structural Funds and the creation of the Cohesion Fund as something that will greatly help the developmental efforts of the poorer regions and Member States (8OCT92_MILL, 46, 50-51 15SEP94_MIL, 20, 26JAN89_MILL, 3, 8OCT92_MILL, 30, 48, 15SEP94_MIL, 1). This increase is justified both in economic and political terms. Economically, increasing the structural Funds allows "to raise the availability of infrastructures and know-how in Objective 1 regions," and "the results demonstrate that the increase (…) is amply justified" (8OCT92_MILL, 50). In political terms, the decision is "a correct reflection of the political commitments made at Maastricht, where the importance of cohesion (…) was further reinforced" (8OCT92_MILL, 52). Among the other relevant objectives, three are paramount in Millan's discourse. The first one is to support "industrial reconversion" (2%) in Objective 2 regions. According to Millan, "the challenge (…) is to provide the training and job creation for the workers affected, and to improve the physical environment of the localities" (13SEP91_MILL, 62). Objective two is intended to target "the overall level of unemployment" (8OCT92_MILL, 53) by creating "alternative employment opportunities" (8OCT92_MILL, 18). The second relevant objective is to support less-developed (Objective 1) regions in their economic and social development, via the "concentration principle" (1,8%). Objective 1 regions are "priority regions," since there "the needs of development are greatest" (11JUN90_MILL, 11, 8JUL90_MILL, 35, 8OCT92, 56).

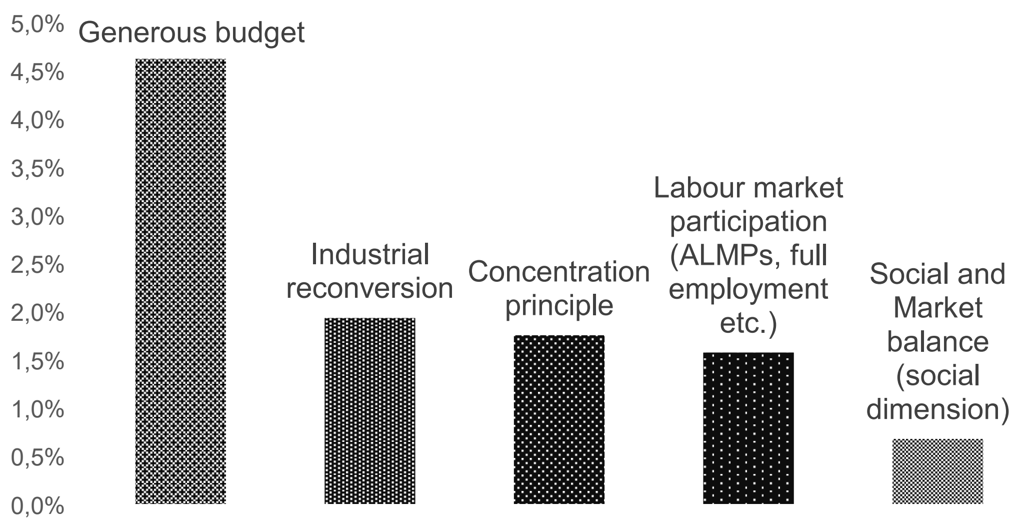

Figure 25. Commissioner B. Millan's solidarity discourse, top five categories (%).

The last relevant objective is related to "labor market participation" (1,6%), and, in a wider sense to "social and market balance" (0,7%). Concerning this last category, Millan refers to both the "charter of the fundamental social rights" that was approved in 1989 and to an "action programme

(…) covering areas such as the conditions of part-time and temporary workers"[10] (8JUL90_MILL, 34). These efforts seem to answer to the same concern for social dumping, as expressed by Delors: "Competing with the perceived strengths or locational advantages of other regions Is a challenge but, in a Community founded on cooperation, It should not be a threat" (13SEP91_MILL, 16). In budgetary terms, labor policy is supported through Objective 4, "which addresses the occupational integration of young people (…) throughout the Community" (8OCT92_MILL, 22-23, 11JUN90_MILL, 22) and other measures supporting "the reinforcement and reform of training policies to better reflect market needs (26JAN89_MILL, 19).

Solidarity discourse in Schmidhuber's speeches

In the 1990-1993 period, Peter Schmidhuber was European Commissioner for Budget and Human Resources. We are interested in his ideas, since, during the 1993 reform, he was also responsible for the creation of the Cohesion Fund. As we discussed, the motives behind the creation of the Cohesion Fund are still debated. On the one hand, there are scholars framing its creation as a "benevolent compensation" in conjunction with the creation of EMU (Lange 1993). On the other hand, there are scholars considering the Cohesion Fund as an integral part of the "anti-neoliberal programme" of the European Commission (Hooghe 1998, Hooghe and Marks 2001).
In his speeches, Schmidhuber attributes great relevance to the "net contributors/net recipients division." Schmidhuber describes how there are two groups that have fundamentally different interests, and their division has "financial implications" on the budget: "advantages for the former, burdens on the others" (18MAR92_SCM, 10). These burdens, from a financial perspective, are limited to a group of states "which pay most to the Community under the present system would find themselves bearing a significantly larger share of the burden than they already do" (4FEB92_SCM, 71, 63, 68). Schmidhuber puts some emphasis on the financial problems that this would entail for the largest contributor, which is Germany "it will have to provide additional financial services to the EC in the context of the expansion of Community expenditure. This is

[10] See COM (90) 317, "Proposals for a Council Directive concerning certain aspects of the organisation of working time."

difficult (…) because [Germany] has to bear in the next few years the enormous burden of reunification" (30SEP92_SCM, 62). Starting from these different interests, Schmidhuber explicitly discusses two normative positions. The first one is to be cautious in adding new expenditures: "Commission would be well-advised to consider very carefully how great an extra burden the Member States can be expected to bear" (4FEB92_SCM, 62). The second one is the possibility of a "two-pronged development in terms of monetary union" (4FEB92_SCM, 60), something that, however, Schmidhuber does not endorse since it can have "incalculable negative political effects" since it would create non-homogeneous sub-units in the Community (15APR91_SCM, 50). The division between net contributors and net recipients also creates a second dilemma in terms of "equitable budget contribution" (2,3%). Schmidhuber, in fact, considers the division between the two groups of Member States as deriving "from the individual Member States' ability to contribute" (4FEB92_SCM, 67) and, whenever present, "regressive elements" needs to be compensated "in order to help the less prosperous states" (4FEB92_SCM, 67). So, while Schmidhuber does not suggest to reform the budget in a way that would damage the poorer Member States, he also advises not to increase the total size of the budget by damaging the net contributors. In this sense, he characterizes "generous budget" (6,2%) in a different way from his colleagues Millan and Delors. Schmidhuber underlines which are the positive contributions of the Community budget to the Member States.

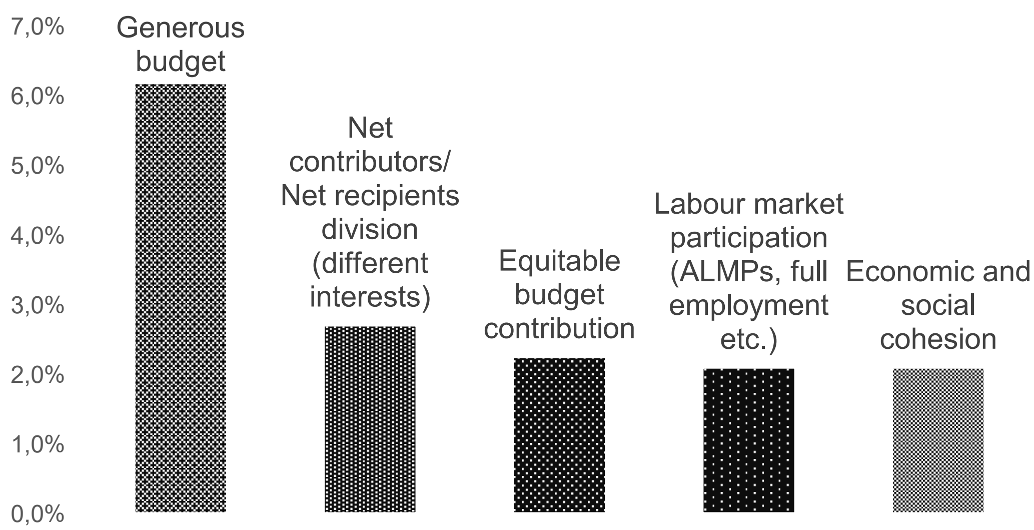

Figure 12. Commissioner P. M. Schmidhuber's solidarity discourse, top five categories (%).

He considers the first Delors package as a success in relation to the Single Market: "The momentum which has propelled the European Community forward since the mid-eighties and, in particular, the rapid completion of the internal market could not conceivably have been maintained without the 1988 reforms" (30SEP92_SCM, 4), in particular for what concerns the poorer Member States (30SEP92_SCM, 4). In the EMU context "additional structural aid to the less developed regions and countries is (…) a *conditio sine qua non* for the realization of EMU" and therefore, "it is not inappropriate the Commission's proposal to increase the Community structural expenditure" (18MAR92_SCM, 33). Schmidhuber also underlines how the EU budget contributes to European projects, such as "major trans-European networks" and other infrastructures (4FEB92_SCM, 42). He also underlines how EU expenditures "considerably relieves the EC of its activities in national budgets" (30SEP92_SCM, 45). There are, however, also obstacles to increasing the budget: "at a time when the belts are tightened in all Member States (…), the Commission is proposing such a large budgetary growth" (18MAR92_SCM, 13). All these considerations can be summed up in his proposed roadmap for budgetary growth: "Phase two [of the EMU project], from 1997 to the year 2002, is likely to coincide with progress to economic and monetary union and eventually to some enlargement. (..) I wonder whether, in practice, there will be a political consensus to expand the Community budget beyond 2% of Member States GNP?" We will discuss, in the next section how his vision for the future of the EU budget is, fundamentally, in contrast with Delors' vision.

2.3 Stability discourse in the 1993 reform

As we have observed, in the 1990-1993 period, the stability discourse has increased in relevance, when compared with the period preceding the 1988 reform. This data is consistent with the observations made by Dyson, who, in analysing the creation of EMU, discussed how "Member States faced stronger incentives to embrace the stability culture in domestic economic policy." "Stability culture" was not something that originated within the EU policymaking, but it was "essentially a German export" which involved "a monetary policy exclusively focused on price stability and to fiscal policy discipline understood as a 'sustainable' public debt" (Dyson 2007:

282). Still according to Dyson, "the imprints of German power were discernible in all the key foundational agreements on EMU": during EMU negotiations, EU policymakers were, in fact, faced with the dilemma posed by the Optimum Currency Area theory (2014: 60). Following this theory, "in order to reduce the costs (…) of monetary unification there should be a high degree of economic homogeneity amongst the countries making up a currency area": this ensures that "member countries are equally affected by external shocks and that none are unduly destabilized by the imposition of centralized currency area policies" (Martin 2003: 54). This theory, however, did not provide the EU policymakers with "clear detailed guidance"; according to Dyson, this gave the "German negotiators" the opportunity to insert "into Treaty law numerical nominal fiscal deficit, public debt and long-term interest-rate and exchange-rate criteria of convergence to assess readiness for euro entry" (Dyson 2014: 593). This created a "stability community (…) to deliver the 'sound finances' component of the [Maastricht] economic paradigm" (Laffan 2016: 20-21). At the same time, cohesion policy and the structural Funds were put under increasing strain: "scientific reports doubted the effectiveness of the policy, and net payers to the EU budget questioned its benefits (Tömmel 2016: 106). According to Hooghe and Marks, "preparing for and participating in EMU (…) intensified pressures to limit budget deficits in the Member States": cohesion policy became "a prime target for spending cuts, particularly by neoliberals" (2001: 112). This situation created a particular admixture: on the one hand, the need of economic convergence was heightened by the formal prerequisites to enter EMU; on the other hand, cohesion policy and the EU budget, the two instruments that were created to pursue the economic convergence objective, were under attack. This became abundantly evident in the case of the Delors II package: "the 'Southern' member states, Greece, Spain, Portugal, and Ireland, welcomed [it], 'Northern' member states strongly criticised the proposed budget increases." In the case of the Cohesion Fund, according to Borras, the inclusion of a macroeconomic conditionality provision helped to smooth the negotiations: "A (…) reason for the Cohesion Fund's conditionality can be found in strict political positions between net payers and beneficiaries (…) by which the former wanted the EU to have direct, transparent and punitive control as a mode for enhancing effective compliance with the commitments assumed by the latter. The conditionality principle is then the mechanism for pooling member states' control, limiting the state-centred nature of the

Cohesion Fund." Cohesion fund, at the same time, helped in solving the convergence dilemma: "The Cohesion Fund provides extra finance (…) to help poor countries reduce social and economic costs related to efforts towards convergence. The fact that 90% of these allocations come from the EU reduces the negative effects of forcing an undesirable increase of national expenditure (…) at the same time (…) it works as an on-going controlling mechanism of these weak economies" (Borras 1999: 218-219).

Stability discourse in Delors' speeches

The stability discourse represents only 12,4% of Delors' 1990-1993 speeches, which is much in line with the data from the 1988 reform (11,6%). All in all, in his stability discourse, Delors mostly focuses on "Economic and Monetary Union" (1,7%). EMU, according to Delors, is "the culmination of the economic aspect of European integration" (15DEC92_DEL, 17) and it is related to its conception of the Community, "the instrument for controlling the interdependence," which is both "inevitable" and dangerous (15DEC92_DEL, 16). Delors, however, does not consider the monetary policy, in itself, sufficient: "none of the peoples will accept at the end of four or five years an independent European Central Bank without political counterpart, without the possibility of a macroeconomic policy and discussions on the economic and social objectives of the Community" (16JAN93_DEL). The purpose of EMU is analogous to that of the Single Market (1,35%) that is, to increase competitiveness (1,48%). Competitiveness, according to Delors, serves the purpose of "stimulating" the economy. This, however, cannot be considered a "final good," but it must be pursued in conjunction with "cooperation that strengthens [the Community]" and "solidarity"; the three, together, are considered by Delors "a magic triangle for the European Economy" (22MAY92_DEL).

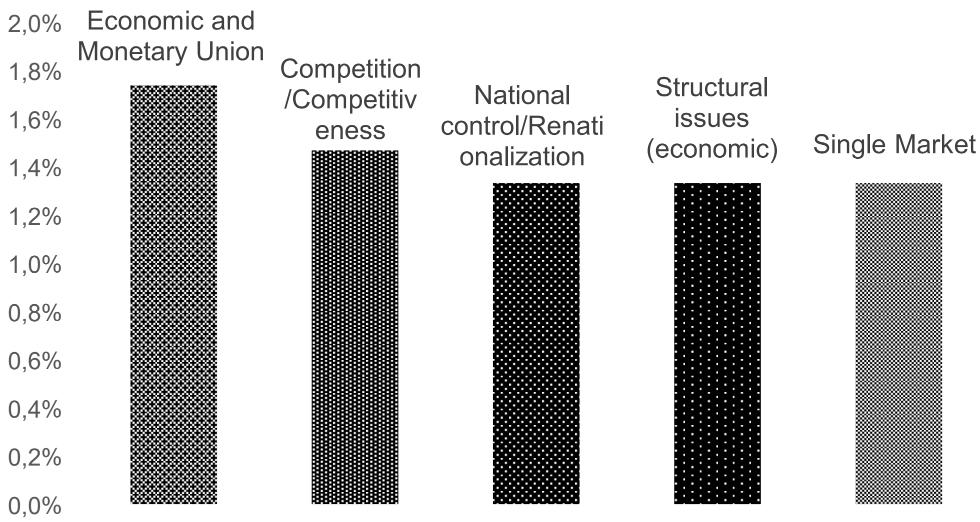

Figure 13. EC President Delors' stability discourse, top five categories (%)

Competitiveness is, according to Delors, also a way to solve the "structural issues" of Europe (1,35%), which are, once again, characterized in terms of "Eurosclerosis" (22MAY92_DEL, 32) which, according to Delors, involves a "competitiveness not yet at the level of the current challenges" and competitors, such as the Japan and the United States (22MAY92_DEL, 33). Reforming the welfare states is one of those issues, according to Delors: the conditions that supported welfare states has changed, and now they have become "a perforated basket" (3APR92_DEL, 20). Structural issues are also characterized in terms of economic non-homogeneity: "if we fail to reduce the strongest disparities, to reconcile frontier regions with their background natural country, then this will be a mixed bag for the future of Community construction."

Finally, for what concerns "national control" (1,35%), Delors recognizes the prerogatives of the nation-state: "the Commission does not have to interfere in the institutional organization which is inherent to member states," even if he defends the principles of the 1988 reform: "there is no question in my mind of removing the nation-state level. But we need a technical partnership with the regions concerned" (4FEB92_DEL, 22)

Stability discourse in Millan's speeches

As in Delors' case, only a small share of Millan's speeches is devoted to the stability discourse (10,6%). As figure 27 shows, economic convergence is the most relevant category (3,9%). As we have discussed, economic convergence, within the stability discourse is often considered a prerequisite to EMU, following the prescriptions of the OCA theory. Millan uses this argument: "the present economic disparities within the Community are not tolerable if we are moving towards closer political and economic cooperation" (13SEP91_MILL, 82). Cohesion policy, according to Millan, has been a success in creating economic convergence: "in some member states such as Greece, Portugal and Ireland, however, the impact on the economy is significant and we can hope for some closing of the prosperity gap over the next few years" (8JUL90_MILL, 42, 15SEP94_MILL, 7, 9-11, 1SEP94_MILL, 18). On the other hand, there is the risk that EMU can produce "economic divergence" (1,25%). Millan, in fact, observes that "It is a matter of dispute among economists, including within the Commission, as to whether Economic and Monetary Union will be good for everybody or only good for some" (13SEP91_MILL, 81-82, 79-80). For what concerns the second most relevant category, policy failure (1,6%), Millan lists some of the most common critiques to cohesion policy, concerning the risk of fragmentation due to the overcrowding of programmes (8OCT92_MILL, 91-94), that they are imprecise, even if too detailed (8OCT92_MILL, 91). All in all, the risk is to "slowing down the flow of funds" (8OCT92_MILL, 94).

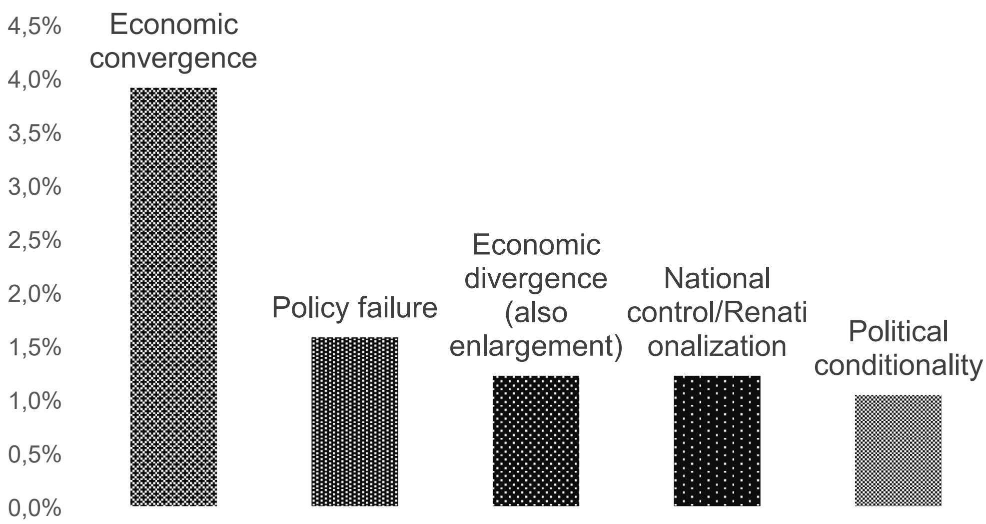

Figure 14. Commissioner B. Millan's stability discourse, top five categories (%)

For what concerns the possible solution, Millan decidedly rejects the possibility of renationalization: the previous approach was "top-down, with the Member States agreeing long lists of individual projects for Community funding. In most cases, this funding simply replaced national expenditure. Nor was there coherence between the individual actions or much attempt to set objectives at a Community level" (13SEP91_MILL, 52). On the other hand, similarly to Delors, Millan reassures his public: "the Commission is well aware of the political sensitivity of the regional issue in many Member States," "of course subsidiarity requires the Commission to leave It to the Member States to decide on their own Internal organisation" (8OCT92_MILL, 139). For what concerns the shortcomings of the 1988 reform, Millan discusses "political conditionality" measures (1,1%) to overcome them: "if efforts to get the underperforming programming going are unsuccessful, steps are taken to transfer resources unlikely to be taken up to another programme in the same region (…) to another region (…) or even to another Member State (…) or even as a last resort, to another Objective of structural policy" (8OCT92_MILL, 116-118).

Stability discourse in Schmidhuber's speeches

We have already observed that, during the 1988 reform, Schmidhuber's speeches had an unusually relevant share dedicated to the stability discourse, especially when compared with the other two key actors. We also observed how some categories such as stability-oriented policies and political conditionality, virtually absent in the other key actors' speeches, were already present in Schmidhuber's stability discourse. The 1990-1993 analysis confirms this trend: Schmidhuber's stability discourse (25,1%) sharply prevails on the solidarity discourse's share (22,7%). Also, the categories that are included in his stability discourse are very different from the categories included in both Delors and Millan's discourse. To start with, Schmidhuber, in line with his institutional role, attributes great relevance to "budgetary discipline/sufficient budgetary means" (8,3%). He praises the 1988 budgetary reform and the introduction of the Delors Package, which "has provided stability for Community operations over the medium term with the guarantee of the necessary funding" (28FEB91_SCM, 38, 39-42, 7-8, 23MAY91_SCM, 20, 25, 4FEB92_SCM, 7-8). The principles underpinning the 1988 budgetary reform, according to Schmidhuber, "should be laid down permanently in the EEC Treaty" (23MAY91_SCM, 88, 84, 73). At the same time, the budget should be reformed to "strengthen the own resources," also envisioning the "introduction of a true Community tax, as required, inter alia, by the European Parliament" (23MAY91_SCM, 93-94, 84, 28FEB91_SCM, 82). This reflects the necessity to "adequately finance" "the future tasks of the Community" (30SEP92_SCM, 3-4, 28FEB91_SCM, 4). According to Schmidhuber, in fact, "The spending of the European Community is a mirror of its tasks and thus an expression of its political capacity for action." (23MAY91_SCM, 20). It is worth to notice, however, that Schmidhuber only refers to the capacity of the Community to finance its expenditures: this does not mean that he is strongly in favour of an expansion of the budget. The "generous budget" category we have observed to be relevant in Schmidhuber's solidarity discourse must be considered in conjunctions with his considerations on "budgetary constraints," which is a very relevant category (5,45%) in his stability discourse. Schmidhuber considers the EC budget to be different in nature from national budgets: "In contrast to national budgets, the EC budget is basically not designed to provide the public with goods and services" (30SEP92_SCM, 32, 35). Also from a quantitative standpoint, the two budgets are hardly comparable: "While the EC budget today amounts to just 1,18% of GNP (…) public expenditure in the Member States is between 40-50% of the national GNP" (30SEP92_SCM, 30, 15APR91_SCM, 47-48, 18MAR92_SCM, 16, 7MAY92_SCM, 10). At the same time, budgetary expansion is not advisable in the circumstances the Community finds itself in during the EMU run-up: "Given the difficult situation of most national budgets and the need to reduce budget deficits, the EC should also limit its spending growth and limit it to what is absolutely necessary" (30SEP92_SCM, 21, 18MAR92_SCM, 44, 4FEB92_SCM, 63-66). Following these considerations, Schmidhuber openly disagrees with some of Delors' positions and with the idea to create a budget fostering "financial equalization" among the Member States: "as a consequence of the internal market, a possible widening of the gap in prosperity between rich and poor regions would clearly run counter to the objectives of the Community (…) some countries have hopes for a large-scale financial equalization in Economic and Monetary Union. On the other hand, the Commission has warned President Jacques Delors on several occasions that it has overburdened the Union with regional redistribution projects. I want to strongly support this warning. The financial equalization that we envisage is primarily to run through the competition of the standard and the unimpeded mobility of capital. The Community can only act as an adjunct" (15APR91_SCM, 44-45).

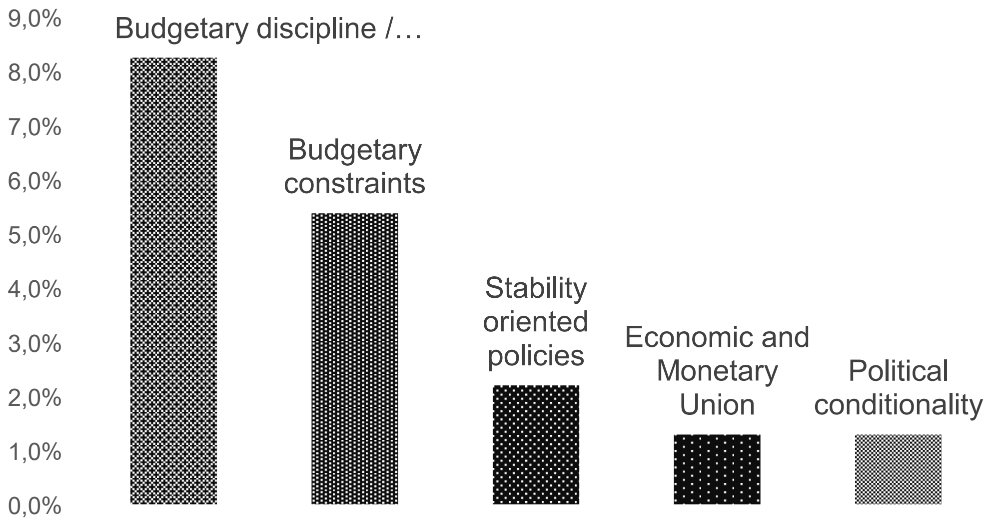

Figure 15. Commissioner P. M. Schmidhuber's stability discourse, top five categories (%).

"Stability oriented policies" (2,3%) is a category that is strictly related both to budgetary constraints and "economic and monetary union," another relevant category (1,4%). Schmidhuber characterizes EMU as a strive towards "the preservation of price stability" (23JAN92_SCM, 77). In this sense, "the primacy of monetary stability (…) is no longer controversial (…) and the same applies to the abandonment of monetary financing of budget deficits and the independence of a European Central Bank" (15APR91_SCM, 30).; the same also applies to the "no-bail-out" rule which Schmidhuber supports (15APR91_SCM, 40). Schmidhuber explicitly compares the "stability culture" of the Community with the one of Germany: "the sense of stability in the EC is not yes as pronounced as in Germany" (15APR91_SCM, 36). Germany recurs as a point of comparison for EMU also in other speeches. For instance, the strength of the Deutsche Mark within the European Monetary System is described in these terms by Schmidhuber: "Concerns are also expressed regarding the "reinforcement" of the Deutsche Mark in the Community. The position of the Deutsche Mark has no institutional basis within the framework of the European Monetary System. It is primarily based on the tight monetary policy of the Federal Bank and a well-ordered fiscal policy. It is therefore important to pay attention in this connection to the quality of the financing of the integration process" (15MAR91_SCM, 77). The necessity of "sound fiscal policies" for EMU is justified by Schmidhuber in these terms: "Without convergence towards sound fiscal policies in all EC countries, the success of EMU would be jeopardized" (15APR91_SCM, 37). "Political conditionality" is instrumental in preserving the fiscal order during the initial phases of EMU, and when EMU is established. During the first stage of EMU "[along with the] regular counter-economic surveillance of all members, peer-pressure has already increased considerably" (15APR91_SCM, 37). Although Schmidhuber declares to prefer "voluntary cooperation (…) to achieve a substantial convergence [of the economies]," there is the legitimate opinion that "increased multilateral monitoring of compliance" would also produce this convergence (9MAR91_SCM, 5-7). Schmidhuber, however, approves the use of sanctions, "to be applied in the case of breaches [of the ban on excessive budget deficit] by the Member States [since] this [will ensure] that the ECU will be as stable as the Deutsche Mark" (23JAN92_SCM, 82). Schmidhuber recognizes that "the accompanying measures for the EMU" such as "quantitative limits on admissible budget deficits is still as controversial as the question of sanctions against excessive deficit spending," as for the "no-bail-out-rule," which is recognized in principle (…) Yet, at the same time, the question arises of how the Community behaves in the event of asymmetric economic shocks affecting individual countries without being able to blame their economic policies." The same doubts apply to a measure which is very relevant for the Cohesion Fund, the aforementioned macroeconomic conditionality provision: "even the idea of turning payments from the EB budget into a lever is criticized as discriminating against those countries that receive EB structural assistance in particular" (15APR91_SCM, 37-39). In the end, Schmidhuber considers a middle way: "between unconditional equality on the one hand, and fragmentation of the Community [two-speed Europe] on the other hand, there is a golden mean that the Delors report described years ago: consensus on the goals of the Community and participation in its institutions, but flexibility for what concerns the date of effective participation in certain mechanisms" (15APR91_SCM, 49).

2.4 Place-based discourse in the 1993 reform

The principle of subsidiarity is generally considered the centrepiece of the place-based discourse during the 1993 cohesion policy reform. According to Bailey and De Propris (2001: 415, see also Tömmel 1998) subsidiarity was already present in the 1988 cohesion policy, embodied in the partnership principle. This principle, in fact, allowed for "different tiers of governance [to take care] of different aspects of policy-making." However, according to Endo, subsidiarity only became relevant in the run-up to the Maastricht Treaty. The subsidiarity principle was already discussed in relation to the internal organisation of the Community as early as in 1971 when R. Dahrendorf "used the principle of subsidiarity as an antidote to the over-bureaucratisation of the EC Commission" (Endo 1994: 1979). The principle resurfaced in 1975 when it was included in the Tindemans Report after the suggestion of A. Spinelli, and in 1984, in the European Parliament's Draft Treaty Establishing the European Union. According to Endo, Delors was already largely in favour of the concept of "decentralized federalism" (see also Drake 2000: 119) thus having an elective affinity for the similar concept of "subsidiarity." However, it was due to two events occurring in 1988 that Delors started to openly endorse the subsidiarity principle. The first event was a meeting that Delors had with the German *Länder* in Bonn in May 1988. The West-German Länder were, in fact, "concerned about the dilution of their competences," due to the extension of power of the European Community, following the 1986 Single European Act. In their meeting, Delors explicitly discussed with the *Länder* the principle of subsidiarity in relation to the vertical division of competences among different levels of government. The second event occurred in the summer of 1988 when UK Prime Minister M. Thatcher accused Delors of introducing "socialism through the back door" (Endo 1994: 2007-2006). According to Endo, these two events pushed Delors to explicitly endorse the subsidiarity principle within "a serious debate about the nature of sovereignty" (Endo 1994: 2005). The subsidiarity principle eventually made it to the Maastricht Treaty; the concept was supported by the Council which, according to Bartolini, needed to "[handle] the vertical division of competences" of the EU while avoiding "the two principles of centralised unitary rule: absolutist and plebiscitarian rule" and their "most typical means": "dynastic bureaucracy (…) and mass electoral politics" (2005: 150). In this regard, the concept of subsidiarity was also being associated with an increased participation and the "quality of democracy." Piattoni, in discussing the redefinition of "national solidarity," observes how, "after WWII," "subsidiarity became paramount, in the sense of both giving back to society the power to decide for itself and of giving back to sub-state nations the right to decide for themselves" (2010: 6-7, see also Keating 2013: 201). In the Maastricht Treaty, however, the subsidiarity principle took a different turn: "The Council, eventually, stole the fashionable concept of 'subsidiarity out of its historically pregnant meaning" legitimizing it "with the economic jargon of efficiency and achievement" (Bartolini 2005: 150). At the same time, "right after the ratification of the Maastricht Treaty national governments attempted to use the debate on subsidiarity as a vehicle to address the balance between national governments and the European Commission by arguing that certain tasks could be better accomplished by the national governments" (Leonardi 2005: 61). This instrumental use of the concept of subsidiarity goes in the same direction of the "renationalization of policy" that, according to Pollack (1995) was reshaping cohesion policy, by giving back competencies to national governments. Sutcliffe, however, notices how the 1993 reform "did not amend the major structural fund principles" (2000: 298, see also Bache 1998), while, at the same time, "subnational actors were also actively engaged in the reform process and in the subsequent operation of the policy sector," thus "extending the scope of the partnership principle" (Manzella and Mendez 2009: 16). The literature, by large, recognizes the paramount role that the principle of subsidiarity played in the Maastricht Treaty and in the 1993 cohesion policy reform, by drawing a large coalition including the Council in its support. It also emerges how the concept of subsidiarity, and its "historically pregnant meaning" had been distorted in the process. In the next paragraph, we will observe how the concept has been characterized among the key actors within the Commission during the 1990-1993 period.

Place-based discourse in Delors' speeches

During the 1990-1993 period, the place-based discourse is the second most relevant discourse in Delors' speeches (17,4%). In this regard, it has become far more relevant than in the period 1988.

Much in line with what described by the scholarly literature, the most relevant category in Delors' discourse is "subsidiarity" (4,45%). Subsidiarity is characterized by Delors as a "principle (…) at the heart of the Community construction" (8DEC91_DEL, 13, 8MAY92_DEL, 34, 26FEB92_DEL, 6) and a principle which "inspires (…) every proposal made by the European Commission" (6APR91_DEL, 37, 8DEC91_DEL, 48). It consists in "ensuring that as many decisions as possible are taken closer to the actors in question" (26FEB92_DEL, 6, 8MAY92_DEL, 40, 8DEC91_DEL, 13), and can limit both the sphere of action of the Community *vis-à-vis* the national governments, as well as the sphere of action of the national governments towards the local or regional level (8MAY92_DEL, 34). For what concerns the Council's conceptual slippage observed by Bartolini (2005: 150), a tendency to characterize subsidiarity in terms of better choice or 'output legitimacy' is as well present in many Delors' speeches: "subsidiarity should enable the Community to act only when it is really necessary and to refer to the national states, or even to the decentralised authorities, the actions which are best done at this level" (15DEC92_DEL, 35, 6APR91_DEL, 37, 15DEC92_DEL, 35, 3APR92_DEL, 24).

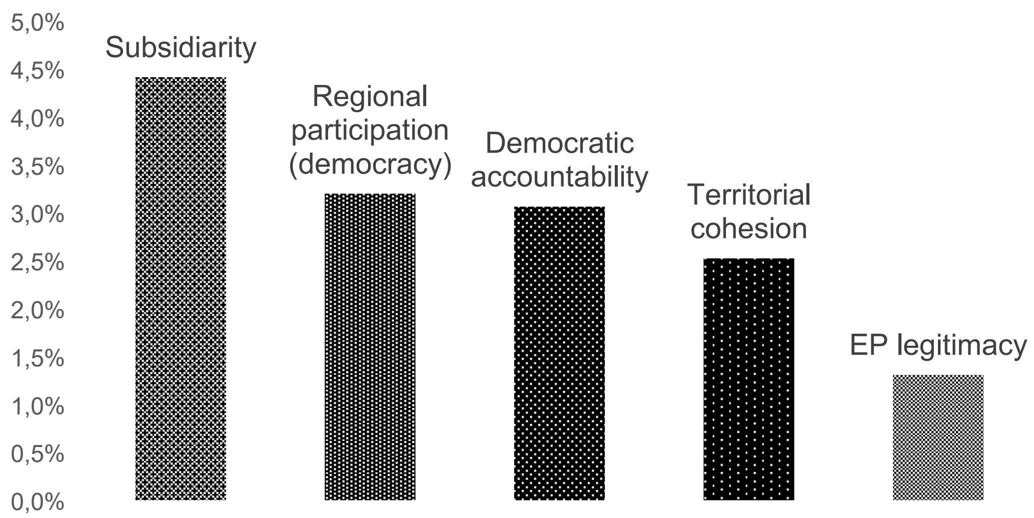

Figure 16. EC President Delors' place-based discourse, top five categories (%).

The second most relevant category is "regional participation" (3,2%), which concerns, more directly, the role of the regions in making the Community decisions more representative of the citizens' preferences, and hence, more democratic. This, according to Delors, can be encouraged in three different ways. The first is to effectively introduce a "mechanism for decentralization," "so that people (…) can cultivate a sense of belonging" (16JAN93_DEL, 45, 8DEC91_DEL, 25, 37-38, 6APR91_DEL, 3). The second way consists in the creation of advisory bodies that can channel the preferences of the regions in the Community decision-making; this is the case of the newly-created Committee of the Regions which "must (…) demonstrate that the European construction (…) [cannot exist] without the regional and local authorities (…) be consulted" (8MAY92_DEL, 49, 38, 40-41, 49, 50-51, 26FEB92_DEL, 5, 15DEC92_DEL, 36, 40, 8DEC91_DEL, 42, 15DEC92_DEL, 4). Finally, Delors considers the direct lobbying some of the regions exerted in Bruxelles "regions are already mobilizing, they look to Brussels and to the European Commission: this is how much they are interested in the decisions that are taken at Community level, this is how much they are eager to participate in this collective adventure" (6APR91_DEL, 36, 8MAY92_DEL, 39, 15DEC92_DEL, 29). Also connected to the place-based discourse is the "democratic accountability" category (3,1%). Delors explicitly relates issues of accountability and democratization to subsidiarity and the involvement of the regions in the decision making: "European construction took place too far from the people (…) three elements were necessary: democratization, approximation of the citizens' decisions and, finally, a decentralization" (16DEC92_DEL, 15, 15DEC92_DEL, 28, 6APR91_DEL, 35). Cohesion policy assists in this process, insofar it supports "coherent development policies initiated by politically responsible authorities and supported technically, humanely, financially by the Commission" (15DEC92_DEL, 8). In part, the category of 'democratic accountability' is used to criticize some of the decisions underlying EMU: "the independence of the European Central Bank does not mean that it is above politicians, that is, people who have been elected by the people" (4FEB92_DEL, 32, 16JAN93_DEL, 42), which is clearly more akin to the sectoral discourse rather than the place-based discourse. Finally, Delors appears to be a staunch supporter of "territorial cohesion" (2,6%) which is mainly characterized as cross-border cooperation between regions (8DEC91_DEL, 7, 8DEC91_DEL, 47, 15DEC92_DEL, 63, 65, 8DEC91_DEL, 1, 7, 11) and, residually, as special assistance towards 'border regions' such as the French overseas departments (22MAY92_DEL, 24, 8DEC91_DEL, 18, 22-23).

Place-based discourse in Millan's speeches

The place-based discourse is preponderant in Millan's speeches (28,1%). As figure 30 shows, one of the most relevant categories is, once again, "regional participation" (4,5%). Millan uses the catchphrase "Europe of the Regions" to characterize the involvement of local and regional authorities in the Community decision-making (13SEP91_MILL, 17-18). Regions are being involved through the Committee of the Regions (13SEP91_MILL, 73, 90) and through the emergence of "stronger regions" that "want to see a greater recognition of their role" (8JUL90_MILL, 46, 13SEP91_MILL, 22). In relation to cohesion policy, regions also need to be more involved in the "preparation and implementation of the programmes" (8OCT92_MILL, 129, 69, 13SEP91_MILL, 17, 75, 20, 8JUL90_MILL, 40), which, is something that, in Millan's experience, also increases the effectiveness of "regional development assistance is as a tool of community and national policy" (8JUL90_MILL, 47). Strictly connected to regional participation is the "partnership" category (3%). The partnership principle is, according to Millan "the most important part of the reform of the Structural Funds," "from the political perspective" (13SEP91_MILL, 66). While the 'traditional' partnership between "the Commission and national, regional and local authorities" is to be retained (11JUN90_MILL, 15, 8OCT92_MILL, 115) the partnership principle must also be extended, since "there is scope for a constructive partnership between the public and private sector just as there already Is between the Commission and national and regional authorities" (11JUN90_MILL, 24, 26JAN89_MILL, 20).

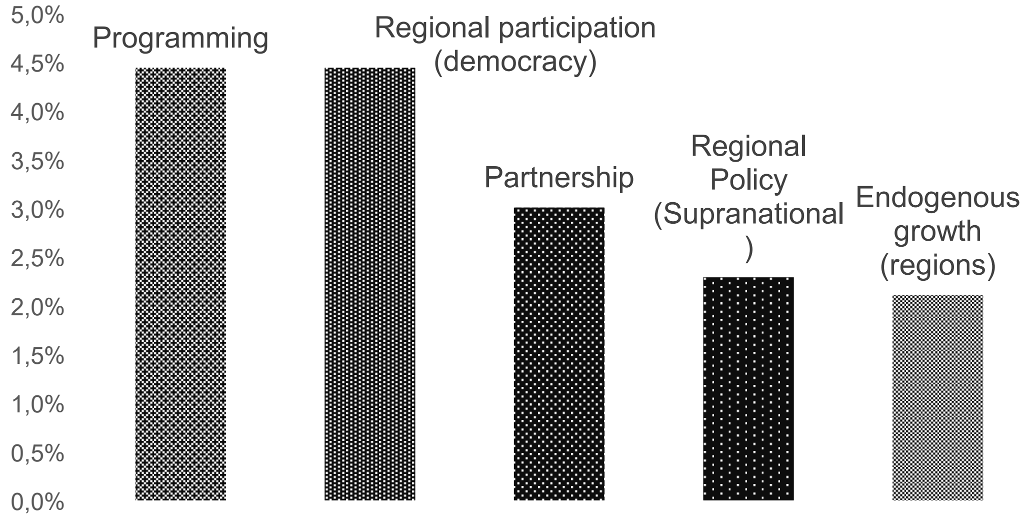

Figure 17. Commissioner B. Millan's place-based discourse, top five categories (%).

"Programming," one of the cohesion policy's principles, is also among the most relevant categories (4,5%); Millan principally uses this category to detail how a programme should be drafted (8OCT92_MILL, 103-107), an exercise which should be improved by detailing "regional strategies" allowing the regional authorities "to have a clear sense of what they want to do with Structural Fund resources" (8OCT92_MILL, 124-125) on a "multiannual basis" (8OCT92_MILL, 80, 32). Both programming and the partnership principle are related to "endogenous growth" (2,1%) which is characterized as "a real chance" for the regions "to alter their basic competitive advantage for location and investment" (11JUN90_MILL, 12).

Place-based discourse in Schmidhuber's speeches

The place-based discourse is fairly relevant in P. M. Schmidhuber's speeches (14,4%), even if there are no relevant changes, from this perspective, from the 1986-1988 period (15,1%). Subsidiarity is, by far, the most relevant category in Schmidhuber's place-based discourse (5,6%). Subsidiarity is characterized by Schmidhuber as a formal principle, enshrined in the Maastricht Treaty (10SEP92_SCM, 9, 53-56, 4FEB92_SCM, 59). Subsidiarity is mainly characterized as a negative criterion to constrain the Community's intervention: "the principle of Subsidiarity under article 3b contains not only a positive, but in particular a negative delimitation: it is not enough for the Community to do something better ('European added value'), but the Member

States or their subdivisions must be overburdened by an independent problem solving [in order to justify Community's intervention]" (10SEP92_SCM, 37-38, 36-37, 29-30, 28, 19, 23JAN92_SCM, 42, 59).

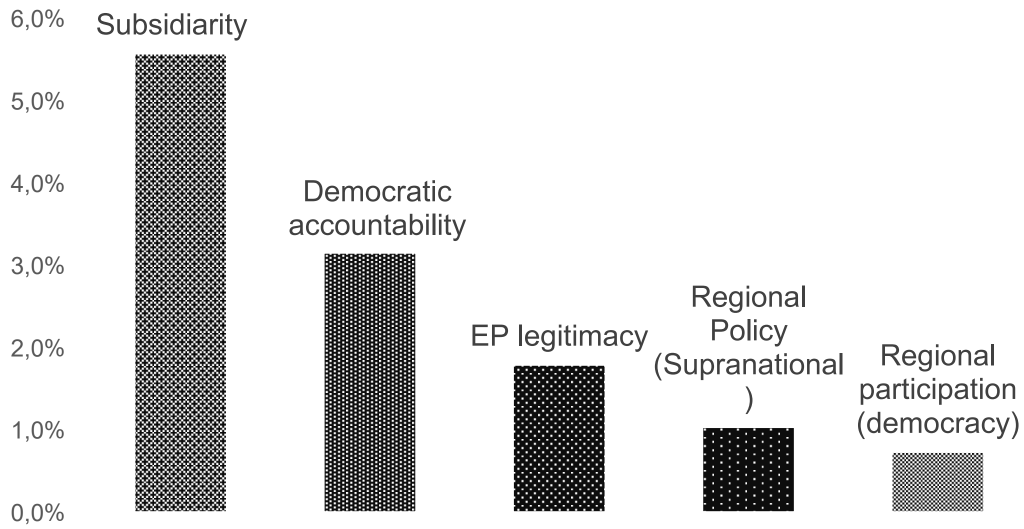

Figure 18. Commissioner P.M. Schmidhuber's place-based discourse, top 5 categories (%).

As in Delors' speeches, subsidiarity is strictly connected to the "democratic accountability" category (3,2%). According to Schmidhuber, in fact, "The subsidiarity principle must therefore not be used to dilute integration and to redress the *acquis communautaire*. It serves a meaningful interaction of the political decision-making levels in the service of the common goal." (10SEP92_SCM, 64-65, 26-27, 23JAN92_SCM, 39, 46). "Regional participation" (0,8%) is another relevant category which is related both to subsidiarity and democratic accountability. Schmidhuber also support the idea of "the Europe of the Regions" (23JAN92_SCM, 22), and he is aware of the emergence of the 'new regionalism' phenomenon: "The self-confidence of the regions - often resulting from an aversion to big government - is awakening in all Member States. It finds support in the media and in science. A new strand of action of the integration process, which skips the bodies of the Member States, is noticeable" (23JAN92_SCM, 47). "EP legitimacy" (1,8%) refers both to the strengthened participation by the European Parliament in the Community's decision-making (23MAY91_SCM, 69, 102) and, more relevantly, its primary role in the decisions concerning cohesion policy (28FEB91_SCM, 15) and the budget procedure (23MAY91(2)_SCM, 105, 109).

2.5 Sectoral discourse in the 1993 reform

As we have discussed, the 1988 reform was accompanied by a "sectoral coordination" discourse that put the emphasis mostly on economic growth and public investments. According to the literature, the 1993 reform follows the same path. While commenting the harmonization of social regulation among the Member States taking place after Maastricht, Streeck observes how "neo-voluntarism, coordination of national diversity and the turn from vertical to horizontal Europeanization have redefined the integration process, national systems of social policy and industrial relations are undergoing far-reaching *cooperative adjustment* under the pressure of international competition" (1999: 6). At the same time, "the Maastricht Treaty added to the Commission's functional scope responsibility for the following additional areas: the environment, education, health, consumer affairs, the development of trans-European networks, R&D policy, culture, and economic and monetary union" (Drake 2000: 140). The Commission exerted its new prerogatives starting with the 1993 White Paper. Already in 1992, the French Government proposed to create a 'European Growth Initiative' "with which to counter the higher interest rates dictated by the high borrowing requirement for German unification" (Endo Delors immediately supported this initiative, and, in 1993, the Commission published a White Paper that has been described as "the culmination of a set of steps taken by the Commission in reaction to the Union's moves towards addressing Europe's unemployment problem in the broad context of the long term, and the establishment of Economic and Monetary Union by 1999"(Drake 2000: 126). According to Goetschy the White Paper intended to give a concrete answer to the "widespread belief that economic integration was one cause of growing unemployment." In concrete, the White Paper aimed at creating 15 million jobs in five years, by both promoting coordination among Member States and by mobilizing 600 billion ECU (Goetschy 1999: 120). The programme, however, received a mixed answer from the European Council, which "appeared to stifle the plan's core, the borrowing programme to finance the trans-European networks (…) The figure of 15 million new jobs (…) was abandoned" while pledging to non-specific goals of 'significantly reducing the number of unemployed'" (Drake 2000: 134). The plan to support infrastructural investments through public expenditure, however, left a concrete trace in the Community priorities financed through the Cohesion Fund: its scope was, in fact, to "contribute to achieving the objectives laid down in the Treaty on European Union, in the fields of the environment and trans-European transport infrastructure networks in Member States with a per capita gross national product (…) of less than 90%" of the Community average." The Cohesion Fund had a definite "sectoral functional" physiognomy for another reason since its recipients were nation-states instead of regions and the implementation was depending on the "functional specificities of the two domains" (Borras 1999: 222).

Sectoral discourse in Delors' speeches

The sectoral discourse is the least relevant in Delors' speeches (12,5%). However, when compared with the 1988 reform (6%), its share has more than doubled. Much in line with the literature, Delors' sectoral discourse is dominated with concerns about the "economic growth" of the Community (2,2%) and the relative "low growth / economic crisis" situation (1,5%). Concerning the latter, the 1990-1993 period is characterized by a "climate of uncertainty and gloom," which "paralyzes economic agents and decision-makers" (15DEC92_DEL, 14, 5, 16DEC92_DEL, 9) also hindering new financial initiatives, such as the Delors Package II (15DEC92_DEL, 19). For what concerns economic growth, Delors deems it to be necessary, since "there can be no generosity without power; for this, the Community must become economically stronger" (22MAY92_DEL, 36, 16JAN93_DEL, 41). Both the Single Market (22MAY92_DEL, 17-18, 26FEB92_DEL, 30) and the EMU project (3APR92_DEL, 13, 8MAY92_DEL, 5, 9) resulted in an increased economic growth and a "renewal of the European Economy" (3APR92_DEL, 19). The "European Growth Initiative" is an element in this strategy (15DEC92_DEL, 23, 29APR92_DEL, 20). The "Public investments" category, the second most relevant in Delors' sectoral discourse (2%), is then strictly related to economic growth.

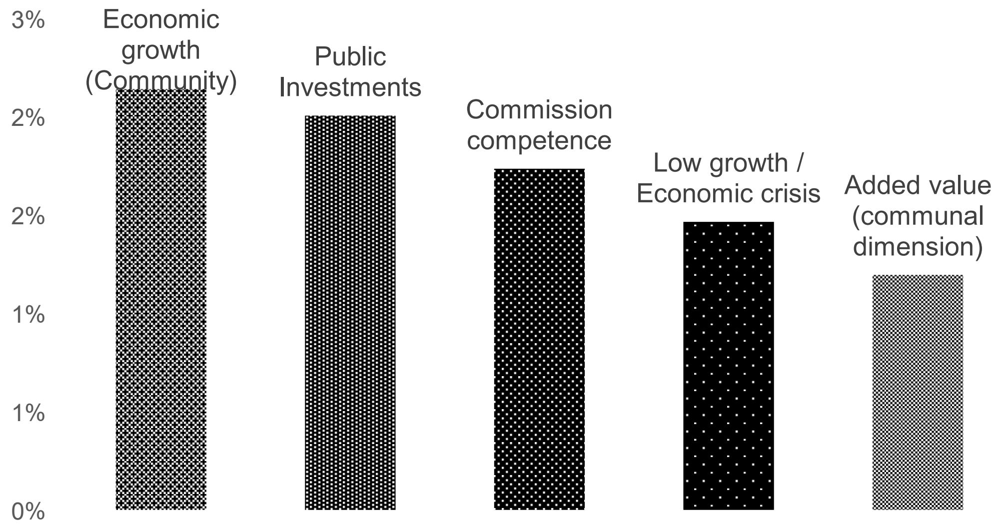

Figure 19. EC President J. Delors' sectoral discourse, top five categories (%).

In line with the theoretical expectations, the European Growth Initiative is the backbone of the public investment strategy during this period; the initiative is in fact "the subject of a provision of the Treaty" (15DEC92_DEL, 53) and it is aimed at allowing "faster and cheaper traffic for people, goods, services, capital and information" (29APR93_DEL, 16-17, 8MAY92_DEL, 17, 26FEB92_DEL, 54, 29APR93_DEL, 24) and related to the functioning of the Single Market (29AP93_DEL, 16). Delors also relates it to territorial cohesion (26FEB92_DEL, 54) and to inter-territorial solidarity. For what concerns regions, "these policies have had an impact, not just in terms of financial transfers, but to boost the development of these regions" (4FEB92_DEL, 21). For what concerns the poorer Member States, "the Community will have to implement environmental schemes or build major infrastructure networks - activities which are a very heavy burden for these countries" (26FEB92_DEL, 49). "Commission competence" is another relevant category in Delors' sectoral discourse (1,75%); the Commission is characterized as an institution that facilitate cooperation among Member States, much in line with the "sectoral cooperative" discourse prevalent in this period (3APR92_DEL, 20, 24, 30).

Sectoral discourse in Millan's speeches

Sectoral discourse represents only a small share of Millan's total speeches (10,9%), especially when compared with its cognate place-based discourse (28,1%). As figure 33 shows, the most relevant category is “Commission competence” (3,9%). Millan emphasises the strategic role of the Commission in defining what the priorities of the Community are (8OCT92_MILL, 70, 8OCT92_MILL, 33) while also granting their proper implementation (8OCT92_MILL, 38, 70). The second way in which the Commission exerts its competence is through its “considerable expertise,” based both on its experience and on consulting “outside experts” (8OCT92_MILL, 70, 26JAN89_MILL, 19). The second most relevant category is “Flexibility” (2,7%), which allows the Commission and the other European Institution to steer the structural Funds’ operations when strategically required. According to Millan, the Community Support Framework, one of the place-based components of the 1988 reform, “is not cast in stone. It is a flexible instrument which can and should be adapted to meet the current requirements of an ever changing economy” (15SEP94_MIL, 28, 26JAN89_MILL, 31, 34) and also “in the light of experience” (26JAN89_MILL, 31) and to “accommodate (…) what the Member State concerned wants” (8OCT92_MILL, 99). The strategic component of cohesion policy is necessary to make the policy not a “distributive policy” (1,25%). Before the 1988 reform, in fact “there [was no] coherence between the individual actions or much attempt to set objectives at a Community level” (13SEP91_MILL, 52). In this sense, the Commission strive to make cohesion policy something that does not “simply [replace] national expenditure” (13SEP91_MILL, 52). The distributive logic, pushed to its “extreme consequences,” in fact, “would mean straightforward budget transfers from the Community to the poorer Member States and regions, on the lines of the budget equalisation mechanism among the Lander within the Federal Republic of Germany” (8OCT92_MILL, 142).

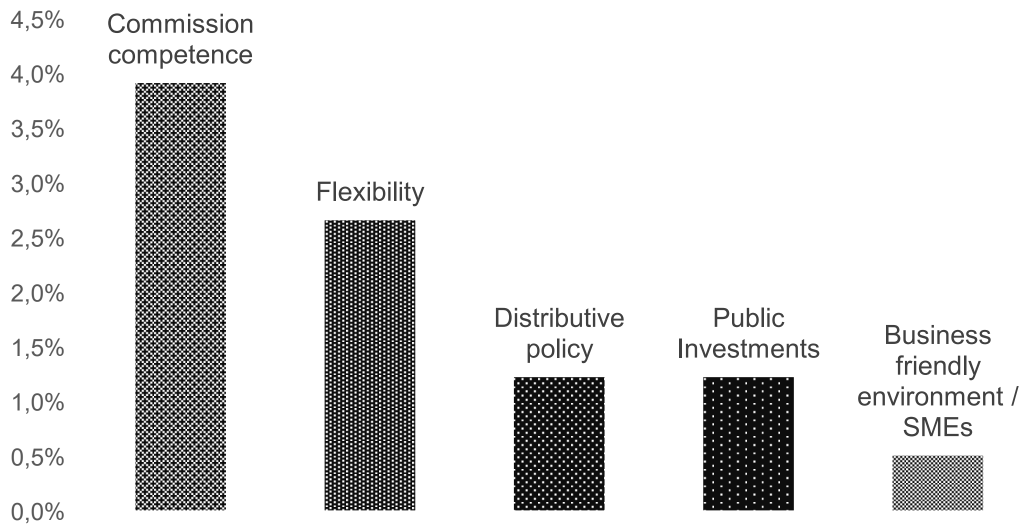

Figure 20. Commissioner B. Millan's sectoral discourse, top five categories (%).

The two most relevant components of cohesion policy's sectoral intervention in Millan's speeches are "Public investments" (1,25%) and "Business friendly environment" (0,5%). Concerning public investments, cohesion policy is intended to support "a coherent development of networks of Infrastructures, services and human resources across Europe" (11JUN90_MILL, 25) particularly in less-developed regions (11JUN90_MILL, 50) and in "in countries such as Greece, Portugal and Ireland where Community assistance funds a substantial percentage - between 30 and 40% - of total public investment" (26JAN89_MILL, 19).

Sectoral discourse in Schmidhuber's speeches

As in Delors' case, the sectoral discourse is the least relevant in Schmidhuber's speeches (13,8%) but it has slightly increased when compared with the 1988 reform (11,5%). Among the most recurring categories, "Flexibility" is the most relevant (3,2%). Similarly to Millan, Schmidhuber characterizes flexibility as the capacity, for the Commission and the other Community institutions, to adapt structural Funds' operations to "unforeseen events and new challenges" (23MAY91_SCM, 101, 15APR91_SCM, 65, 4FEB92_SCM, 27, 30SEP92_SCM). This can be done by "establishing reserves large enough to cover contingencies" (4FEB92_SCM, 27). Flexibility is, according to Schmidhuber, what has allowed the Commission to respond quickly to the accession of the new Länder after the German re-unification (7MAY92_SCM, 80, 7MAY92_SCM, 16-21). The second most relevant category is “Added value” (2%).

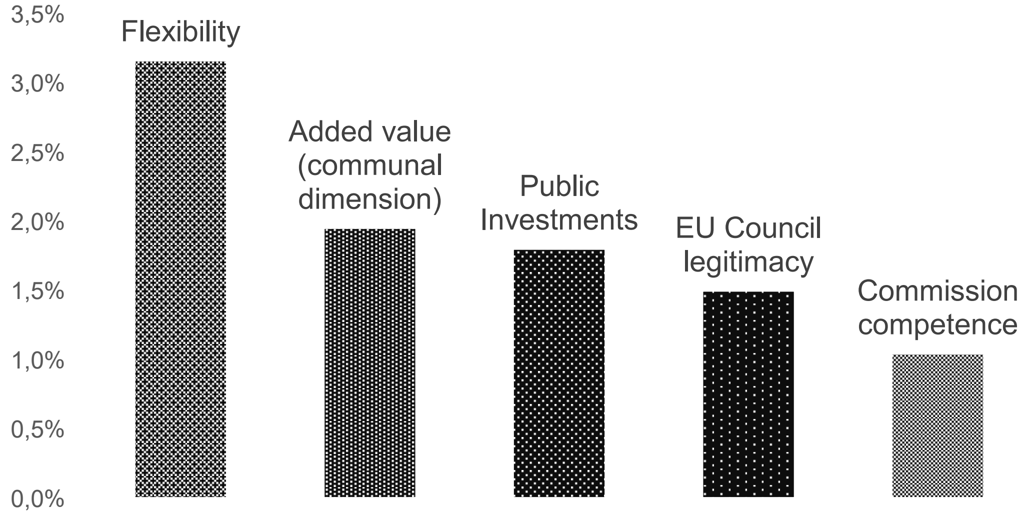

Figure 21. Commissioner P. M. Schmidhuber's sectoral discourse, top five categories (%)

This category is related by Schmidhuber to a place-based category, “Subsidiarity,” insofar they complement each other: “the principle of subsidiarity,” in fact, “is not only delineated positively but also negatively (…) the Community can only act if the objectives of the measures are not sufficiently achieved by the Member States.” Added value, then, is mainly conceived as the task of “[stimulating and orienting] national policies, where necessary, towards European objectives” (30SEP92_SCM, 32, 18MAR92_SCM, 17, 19, 23SEP93_SCM, 19). In this regard, both “EU Council legitimacy” (1,5%) and “Commission competence” (1,1%) are needed: the European Council, on the one hand, needs to strengthen the “impetus in fundamental political issues (9MAR91_SCM, 29), while the Commission should strengthen its role “as an executive” (9MAR91_SCM, 29). The last relevant category is “Public investments” (1,8%). Schmidhuber, as Commissioner for Budget, offers a slightly different perspective from the other actors surveyed, by explicitly considering the “EC Budget” largely as “an investment budget” (30SEP92_SCM, 32). As a matter of fact, “Member States' national budgets combine the three classical functions of allocation, redistribution and shock absorption. By comparison, the Community budget has essentially the function of allocation and no other” (28FEB91_SCM, 100, 18MAR92_SCM, 17, 30SEP92_SCM, 17).

3. 1993 cohesion policy reform: summary

The 1993 reform can be better understood when drawing an analogy with the 1988 reform. As the 1988 cohesion policy was the *politique d'accompaignement* to the Single Market completion, the 1993 reform is the companion of EMU. However, while the 1988 reform was based on the assumption that everyone had to gain something from the Single Market, it was clear, since the start, that EMU would have had costs with a territorial component, distributed differently among the Members States. This emerges clearly both from the analysis of both the solidarity and the stability discourse, where structural issues, economic divergence and the net contributors / net recipient division comes to the fore. The difference with the 1988 reform here is striking: in 1988 Delors was presenting the Single Market as the "Europe of Necessity," as instrumental to preserving the European Social Model. At the same time, competitiveness is presented as a battle that European companies need to win when facing the external competitors, and this requires structural adjustments that will bite hard on the social sphere. The developments in the social sphere, then, are intended to shelter the weak from the negative effects of integration. A growing concern with euroskepticism is telling of the social climate after the Maastricht Treaty was approved. Cohesion policy is still a *politique d'accompaignement*, but now, with the introduction of the Cohesion Fund, the emphasis is on the solidarity among Member States and not among territories. In line with this, the attention that is given to the arguments concerning the necessity of a generous budget to assist Member States and regions which are struggling (or, that will most likely struggle) to adjust to EMU and to the new "stability culture." There is a growing appeal to subsidiarity, as a principle and a value that can keep the whole construction together and make function the cooperation between States, Regions and the Community.

How has the reform turned out? Once again, both the stability and the solidarity discourse are prevalent, even if the distance, in terms of salience, between them and the sectoral and the stability discourse is less relevant. This is congruent with the 1993 output we have described in chapter four: in particular, the absence of political (exogenous) conditionality for what concerns the general cohesion policy regulation and the presence of redistribution among the territories. When looking into the regulation the increasingly difficult relation within the budgetary arena and the increasing euroskepticism shows. They resulted in the programming being streamlined and simplified from a formal standpoint, and the operational programmes easier to evaluate. At the same time, the emphasis is put on the added value of cohesion policy and on its impact: monitoring and evaluation, then, become two necessary activities in order to convince both Member States and the wider European public that cohesion policy is producing convergence and thus, is achieving EMU objectives.

The Commissioner for Budget P. M. Schmidhuber is a notable exception. As we have seen, he is the only actor having the stability discourse prevail on the solidarity discourse. When looking at the individual categories it strikes the relevance of both arguments in favour of a "stability-oriented policy" and of "political conditionality." While the Cohesion Fund is outside the analysis of chapter four, it is worth noticing how Schmidhuber arguments were fully in line with the creation of macroeconomic conditionality in this Fund; this finding is strengthened by the fact that Schmidhuber already presented arguments in favour of stability and of a "dynamic macroeconomic environment" during the 1988 reform, well before the Edinburgh Council and the Maastricht Treaty debate.

Chapter VII – Cohesion policy: the 2013 reform

1. The 2013 Reform

1.1 The 2013 reform: status quo ex ante

The 2013 reform took place in an unfavorable context for cohesion policy. At the time, the Barroso Commission was struggling to keep the EU afloat, after the financial, economic and sovereign debt crisis had taken their turn in undermining the stability of EMU. In the next few sections we will discuss how the key actors within the Commission dealt with these dire circumstances; but, before, we need to introduce the political and institutional premises of the reform since almost 20 years have passed from the 1993 reform and cohesion policy underwent many changes in the period in between. While a more detailed account of the 1999 and 2006 reform is present in chapter I, in the next two subsections we will look at those political and institutional aspects that preceded the 2013 reform.

Previous institutional developments

The 1999 and 2006 reforms, as it was for the 1993 reform, were indirectly influenced by the end of the Cold War. As we have discussed in the previous chapter, this event directly affected the 1993 reform by reducing the financial capabilities of Germany: with the reunification that followed the fall of the Berlin Wall, West Germany had to concentrate its expenditure in East Germany, thus undermining its role as "EC paymaster." In the case of the 1999 and 2006 cohesion policy reforms, it was the Eastern European enlargement to affect, to a great extent, the reform process. As new, less wealthy, Member States were to access to the EU, cohesion policy needed to increase its geographic coverage. This, in turn, created many debates on the role of cohesion policy in supporting the enlargement. Before the 2006 reform, in particular, many policymakers within the Commission supported a radical overhaul of the policy. The Sapir Report argued in favor of a policy that would be directly managed by the Member States and not by the regions, similarly to the way in which the Cohesion Fund operated. At the same time, the resources would be concentrated among poorer Member States and not be dispersed among the whole EU territory. Around the same period, a second important institutional development took place with the creation of the Lisbon Strategy. This strategy was intended to create the conditions for economic growth in Europe, in order to promote its economy to better compete with the US and Japan. At the same time, EU policymakers intended to shield the EU citizens against the adverse effects of globalization. After the Lisbon Strategy's mid-term review, it was decided to repurpose the Structural Funds to deliver the objectives of the strategy. Both the Eastern enlargement and the Lisbon strategy had an important influence on the 2007-2013 programming period: the 2006 cohesion policy reform introduced the "compulsory earmarking" policy instrument, allowing to create a direct link between the Funds and the objectives of the European strategy. While most of the radical innovation proposed by the Sapir Report were not implemented, the 2006 reform introduced a more stringent control by the Council: this institution, for the first time, was called to evaluate the adherence of cohesion policy to the Lisbon Strategy by judging its effectiveness in pursuing the Lisbon objectives. The debate for the 2013 cohesion policy reform started as early as in 2009 when the Regional Commissioner Danuta Hübner asked the Italian policy expert Fabrizio Barca to write an extensive report on the future of cohesion policy. The Barca Report, in contrasts with the Sapir Report, advocated for a return to cohesion policy's original ethos, by reinforcing the "place-based" aspects of the policy, while throwing away many of the "sectoral functionalist" institutional developments.

The crisis also had a significant influence on the 2013 reform: after all, some of the Member States benefitting from cohesion policy were deemed to be morally culpable for the sovereign debt crisis that was shaking the foundation of EMU. As we have discussed in the first chapter, in 2010 the European Central Bank circulated an official paper in which it proposed to link the Structural

Funds to the EMU macroeconomic stability. Whenever a Member State was hindering the stability of the Eurozone, the Council could vote to suspend the Funds. Political conditionality was not unheard in the case of cohesion policy: as discussed in the previous chapter, the Cohesion Fund already had a similar provision. Moreover, the Barca Report suggested adopting ex-ante and ex-post positive conditionalities to create an institutional environment which was favorable to the correct implementation of the policy. The same argument was used in the case of macroeconomic conditionality, which was presented as necessary to create a macroeconomic environment which was conducive to economic growth.

Previous political developments

In studying the 1993 reform, we have observed an increased political division within the EU Council between net recipients and net beneficiaries of the EU budget. This division was also present during the 1999 and 2006 EU budget negotiations. In particular, the Member States split into three coalitions. In the first place, a group of net contributors Member States, among which the Netherlands, the UK, and Germany, initially refused to increase the EU budget to cater for the enlargement, since this adjustment would have implied more generous contributions on their part. A second division was that between the old beneficiaries of cohesion policy, which feared a reduction in the net-benefits they could receive from the budget if this was not adjusted upwards, *vis-à-vis* the prospective recipients, the new Eastern European Member States. Finally, the third position emerging in the Council was that of a group of Member States (Sweden, the UK, Germany, the Netherlands, and Denmark) arguing that a clear demonstration of cohesion policy's added value was needed in order to justify the continuation of the policy (Bachtler *et al.* 2015). The old and new beneficiaries found, in the 2007 reform, a common ground to ask respectively an increased budget devoted to the development and a slow phasing-out from the Cohesion and Structural Funds. The other two faulty lines, the one on added value and the one on reducing the EU budget will play a substantial role in the 2013 reform, as we are about to discuss.

1.2 The 2013 reform: an overview

The 2013 reform, as we have acknowledged, took place in a completely different *milieu* than the 1988 and the 1993 reform. From a formal point of view, however, the reform's premises were still the same: the previous multi-annual financial framework (MFF) has ended and the European institutions have to decide how to shape the future 2014-2020 cohesion policy reform. As such, the same basic structure of the previous cases does apply here: the reform process is roughly divided into two parts, the first one concerning the budgetary envelope, the second one concerning the final regulation. The policy actors are involved in both the processes so that the two are, to a certain extent, intertwined: the budget defines the scope of cohesion policy, and the regulation must take into account this aspect. Notwithstanding this, the two processes are separated. In the case of the 2013 reform, the analytical distinction makes even more sense since a trade-off between budget figures and crucial aspects of the regulation explicitly emerged as a distinctive feature of the reform.

While the same framework applies, there are many aspects of the 2013 reform that are different, from a formal perspective, when compared with the 1988 reform. To begin with, the end result of the reform is not, as in 1988, a Council Regulation, but a Regulation of the European Parliament and of the Council; after the Maastricht Treaty firstly introduced the co-decision between the two institutions in 1992, the legislative reform has come to maturation after the Lisbon Treaty introduced the co-decision as the ordinary legislative procedure. Hence, we can reasonably argue that the European Parliament has, formally, acquired substantial powers in the reform process. A second formal difference concerns the internal organization of the Council when negotiating the budgetary envelope. With the 2013 reform, the MFF negotiation became so complex that the Presidency Conclusions -- the closing remarks of the Council -- were broke down in "negotiating boxes" representing the conclusions themselves in their "embryonic" form (EC 2014: 109). There are, instead, no differences for what concerns the advisory bodies that are formally involved in the reform: the Economic and Social Committee, the Committee of the Regions, along with the fourth European institution, the European Court of Auditors, are requested to provide a formal opinion on the reform. The Commission, as in both the 1988 and the 1993 reform, is asked to initiate both the MFF negotiations and the reform of the cohesion policy regulations, that is the Common Strategic Framework (CSF), with two distinct proposals to the Council and the EP.

Multi-annual Financial Framework negotiations

The European Commission issued the initial proposal for the 2014-2020 MFF in June 2011. The Communication, titled "A Budget for Europe 2020" focused on the attached "Proposal for a Council Regulation laying down the multi-annual financial framework for the years 2014-2020." The most relevant aspect of the negotiation was, indeed, its financial framework. In the previous two decades, financial resources constantly increased from one MFF to the next. The 2007 reform, as we have observed in chapter four, represented the highest point in this trend. In 2011, the Commission decided to stabilize the new MFF 2014-2020 at the 2013 budget levels in real terms. The final figure of EUR 1'025 billion, in absolute terms, corresponded to the 2013 ceiling (in 2011 prices) multiplied by seven (EC 2014: 101). This, in terms of the ceiling for commitment appropriations, corresponded to 1.05% of EU GNI. Since these figures were a limited budget, especially in reference to the EU 2020 strategy ambitions, the allocative criteria contained in the MFF regulation became increasingly important. The general idea was similar to the 1988 rationale: to make the most out of a limited budget. This is evident when looking at the MFF general principles. In this regard, the Commission's proposal was fourfold. First, they stressed the need for results: the policies needed to focus on a limited number of "high priorities"; moreover, the Commission would have the power to merge and redesign existing programmes "to ensure integrated programming." The second principle was "simplification": funding rules were considered to have become increasingly layered with provisions that "[were discouraging] participation and [delaying] implementation." The Commission was proposing to simplify the existing regulations. Third, conditionality: "beneficiaries will be required to demonstrate that the funding received is being used to further the achievement of EU policy priorities." In line with this, a distinctive strand of conditionality was the one related to the macroeconomic governance. The argument that was used by Commissioner Schmidhuber during the 1988 reform was resurfacing in this occasion: macroeconomic conditionality is needed "to avoid situations where the effectiveness of EU funding is undermined by unsound macro-fiscal policies." The last guiding principle was that of leveraging investment, which consisted of mixing European finances with private sectors investment to "enhance EU's growth potential" (EC 2011: 9).

For what specifically concerns cohesion policy, the new MFF proposal complemented growth-enhancing investments with a stronger focus on social cohesion. Concretely, the Commission asked to establish a minimum share for the European Social Fund (ESF). The ESF, in turn, was to be complemented by the European Globalization Adjustment Fund which was created in 2007 to provide targeted support to the EU citizens who were becoming unemployed as a result of the increasing global trade liberalization. Finally, the Commission proposed the introduction of a new category of regions, the transition regions, which included the regions where the GDP per capita was in-between the 75% and the 90% of the EU average.

The Council negotiation started during the Polish and Danish presidencies, between the second half of 2011 and the first half of 2012. Concerning the general MFF, two positions emerged. A large number of net-contributors asked to significantly reduce the Commission proposal in terms of financial commitments, a position which was justified by the cuts to national budgets and the general climate of austerity. The second position concerned the reduction in the proposed budget: since a large number of Member States gave strong political support to both common agricultural policy and cohesion policy, the budgetary cuts had to be made in other policy areas (EC 2014: 111). Member States split between two factions. On the one hand, a group of Eastern European and Southern European Member States, the Friends of Cohesion, supported an increase in cohesion policy budgetary allocations in line with the previous reforms. On the other hand, the Friends of Better Spending asked cuts in the budget while supporting the increased efforts on "achieving results," as a way to consolidate the existing budgetary figures. Northern and Central European Member States mostly composed this second group. This political division was largely reminiscent of the net contributors vs. net recipients division that emerged during the 1993 budgetary negotiations. The main difference was that cohesion policy's regulations, usually uncontroversial, became increasingly divisive. The general position of the Friends of Better Spending is, in this sense, quite revealing: they advocated for better results even with the same budget. In line with this philosophy, Germany was explicitly supporting the introduction of macroeconomic conditionality in cohesion policy. This position was openly endorsed by a "non-paper" circulated by the German negotiators during the Cyprus Summit, in August 2012. We will discuss later how the other European institutions received this position. Within the Council, however, macroeconomic conditionality proved to be a difficult argument. As a matter of fact, in its initial discussion, during the 3138th Council Meeting in December 2011, no consensus emerged. Macroeconomic conditionality was discussed, once again, in June 2012 (Council Meeting no. 3180). In this occasion, it was stated how this particular form of political conditionality was linked to "the effectiveness of expenditures of the five Funds." In the same context, some of the Foreign affairs ministers voiced their concerns about this form of conditionality, while the Danish presidency decided to await clarification within the MFF discussion. In the meanwhile, the discussion on the budget stalled. For the first time in September 2012, the Cyprus Presidency acknowledged that the "downwards adjustments of the expenditure ceilings proposed by the Commission are inevitable and that all headings need to contribute to this reduction" (CEU 2012: 2). However, since the Cyprus presidency failed to reach an agreement, the EU Council President Van Rompuy decided to take the negotiations in his hands. The final compromise on the MFF was reached in February 2013. The Member States agreed on a cut of the 3.4% (in real terms) of the 2007-2013 MFF ceilings. In absolute terms, the reduction was of 33.6 billion euros, and the overall ceiling for commitment appropriations was set at 960 billion euros (EC 2014: 112).

Cohesion policy, 2013 reform: ESIF regulation

During the 2013 cohesion policy reform, the budgetary negotiations and the reform of the Common Strategic Framework (CSF) of European structural and investment funds (ESIF) went in parallel. The initial proposal for the ESIF regulations was sent by the European Commission in November 2011, only a few months after the beginning of the MFF negotiations in June 2011. The Commission divided the ESIF regulation's proposal into two parts: the first concerning the common provisions for all the structural and investment funds, the second the cohesion policy regulation. The first part, in turn, was divided into three sections. First, the section on the strategic approach, which established the thematic objectives that the ESIF needed to pursue in line with the EU 2020 strategy. A second section concerned the conditionalities and performance-related provisions. As we have discussed in chapter four, the new CSF introduced three types of political conditionality. The *ex-ante* conditionality prescribed the institutional prerequisites to access the funds; the rationale behind this measure was to avoid bottlenecks impeding the correct implementation of the policy. The *ex-post* conditionality was first introduced in the 1999 cohesion policy reform and abandoned with the 2007 reform. In the Commission proposal for the 2013 reform, this type of conditionality provided a positive incentive for the Member States to meet their objectives ("milestones"). Following this measure, after a positive mid-term evaluation, a Member State could receive a 5% premium based on its performance. Finally, the already mentioned macroeconomic ("macro-fiscal") conditionality established a link between cohesion policy and domestic "sound fiscal policies": since "unsound macro-fiscal policies" could undermine the "effectiveness of the funds," the Commission proposed to align "the rules governing the Funds on macro-fiscal conditionality with the New Stability and Growth Pact enforcement measures" (EC 2011b: 9). The third section regarded monitoring and evaluation, containing the provisions that regulated the *ex-ante* and the *ex-post* evaluations, plus the rules concerning the monitoring committee.

The second part of the proposed ESIF regulation contained the common provisions for the three Structural Funds, the ESF, the ERDF, and the Cohesion Fund. The first paragraphs detailed the functioning of the concentration principle, dividing the regions in "less developed" "transition" and "more developed." These were, respectively, regions whose GDP per capita is less than 75% of the EU27 average, between 75% and 90% and above 90%. These categories also dictated some of the substantive objectives of the policy: "less developed regions" should strive towards economic convergence and social cohesion, while "more developed regions" should promote competitiveness and environmental sustainability. On the other hand, those Member States whose average GDP per capita was below 90% of the EU27 average were still eligible for assistance under the Cohesion Fund, to finance investments in the transport networks and the environment. The second and third section of the Structural Funds' regulation concerned the strategic programming and the management and control system respectively. Concerning strategic programming, the Joint Action Plans were introduced to ensure that the operational programmes would be inherently coherent and in line with the “integrated approach.” The major innovation in financial management was the introduction of a “risk-based approach” which entailed controls proportionate to the risk of the operation (COM 2011c: 11).

The first official feedback from other European institutions came from the European Court of Auditors (ECA) in December 2011. In its opinion, the ECA described the Commission’s proposal as “geared towards a focus on results through a simplification of policy delivery and increased use of conditionality.” Concerning the “focus on results” the ECA observed that, overall, the regulation was still input-based, with only two elements that were oriented towards results: *ex-post* conditionality and the Joint Action Plans. Concerning the compliance-based provisions, the ECA gave a favorable opinion on the *ex-ante* conditionalities, arguing that they “could reinforce the intervention logic of EU actions by facilitating the necessary integration of (…) funding with other EU policies” (ECA 2011: 4). The reaction to *ex-post* positive conditionality, the performance reserve, was less enthusiastic: the ECA recalled how a similar provision failed during the 2000-2006 programming period since a large number of programmes missed the mid-term review due to delayed implementation. According to the ECA, the very legitimacy of this type of conditionality could have also been criticized because of its impaired application: indicators and their robustness would greatly vary from programme to programme. The most remarkable opinion, however, was the one on the macroeconomic conditionality: the ECA argued that the inner logic of this provision would not be compatible with the way in which cohesion policy operated. The critique was that macroeconomic conditionality in itself could result in “legal uncertainties and a potential risk for the fulfillment of long-term obligations taken in the framework of partnership contracts by the respective partners at national and regional level” (ECA 2011: 5). It was an early version of the “double punishment” argument: the “fiscal sins” of the national government could penalize the regions, without having any direct responsibility, nor any capacity, to intervene on them. On a different level, macroeconomic conditionality would work against the inner logic of the partnership principle, by making it unsafe to adopt operational programmes in the case that a Member State has a risky financial situation. A "catch

22" situation would ensue. On the one hand, a region whose respective national government had financial troubles has a particular need for cohesion policy assistance from the EU since the state is less capable of financing local and regional expenditures. On the other hand, precisely because the Member State had fiscal problems, that region has no incentives from asking the assistance it needed, since the suspension of the funds would create economic and political issues in the region itself.

The same argument was put forward also by the European Economic and Social Committee (EESC), which issued its mandatory opinion on April 2012. The EESC, while agreeing in principle with the inclusion of *ex-ante* conditionality, contested the macroeconomic conditionality from a methodological perspective, "as it punishes the wrong parties." According to the EESC, the new policy put great emphasis on the strategic approach and the relation between economic governance and cohesion policy. However, "Structural Funds objectives are broader than the Europe 2020 strategy," since they "strengthen [EU] investments needed to ensure growth, employment, and social inclusion." At the same time, Structural Funds does not depend on the economic governance "that is not currently delivering growth, employment, and social inclusion." Hence, "austerity measures [which are] taken for macroeconomic stability" should not undermine the efforts made to achieve cohesion.

The second advisory body to put forth its opinion was the Committee of the Regions (CoR) in May 2012, which further argued against macroeconomic conditionality by stating that it was "contrary to the primary objective of cohesion policy." Differently from the other institutions, the CoR considered the *ex-post* conditionality to be analogous to the macroeconomic conditionality and different from the *ex-ante* conditionality: the latter being "preventive rather than repressive" (CoR 2012: 58). At the same time, the CoR declared its support for the thematic approach, and hence the link between cohesion policy and the strategy EU2020, but, at the same time, it requested more flexibility and the possibility for the regions to decide on which thematic objectives to focus. Finally, and quite interestingly from the perspective of inter-territorial solidarity, the CoR asked to change the geographic concentration principle in a way to allow criteria other than GDP to be taken into account when distributing resources.

The Commission issued a first amended version of its proposal in September 2012. This version divided the Common Strategic Framework between an annex for the general regulation and an act containing indications on what constituted "European added value," in line with one of the requests of the ECA. The ECA however criticized in December 2012 the way in which the Commission downplayed the concept of "European added value." According to the ECA, this concept was paramount since, based on the subsidiarity principle, every action of the EU should provide EU added value. Hence, the ECA deemed insufficient the "indicative" list contained in the amended proposal, suggesting, instead, to adopt a political declaration. The same position was voiced by the EESC the same month, recalling how a similar situation occurred at the beginning of the 2007-2013 financial framework. The final version of the proposal was issued in March 2013 by the Commission, with minor modifications to the performance reserve and adding financial resources for what concerned the Youth Initiative.

In its final legislative resolution, on November 2013, the European Parliament asked for extensive amendments to the final regulation. Concerning the conditionalities, the EP asked to reduce the performance reserve (*ex-post* conditionality). At the same time macroeconomic conditionality was accepted in principle, with minor modifications concerning "equality of treatment between Member States" in the event of a suspension and a reduction in the rate of payments affected by the suspension, with an initial, milder reprimand equivalent to the 50% of the payments of each of the programmes concerned. A third adjustment was to increase the transparency of the suspension by involving the EP as an observer in the whole process (Article 21). In line with the concerns expressed by the EESC, the EP also attempted at modifying Article 9 on thematic concentration by integrating into the text "fund-specific missions (…) including economic, social and territorial cohesion." In regards to the eligibility criteria, the EP did not voice the concerns expressed by the CoR, by keeping as the main discriminant for eligibility the per capita GDP.

Macroeconomic conditionality had become one of the most politicized arguments of the future cohesion policy reform; during the legislative process both a large number of Member States (the Friends of Cohesion), European institutions (ECA, EP), and advisory bodies (CoR, EESC) voiced their principled dissent and their pragmatic concerns about this provision. So why in the end the EP substantially accepted the macroeconomic conditionality? According to the scholarly literature, while the formal powers of the EP have increased over time, the Parliament "remains the junior partner in negotiating the financial issues embedded in the regulations and which have high-level support from the Council and the Commission" (Bachtler *et al.* 2016: 134). During the MFF negotiations, the European Parliament initially had the macroeconomic conditionality deleted from its negotiation position. The European Council, however, decided to adopt the Commission proposal on macroeconomic conditionality as the Council position, "*in extenso*." The Lithuanian Presidency attempted "to make the Council's position impossible to change" by referring to macroeconomic conditionality as a "quasi-legislative" act (Hübner 2016: 149-150).

2. 2013 cohesion policy reform: speech analysis

2.1 Overview of the Commission policy preferences (2010-2013)

As we have discussed, the 2013 reform was primarily influenced by the economic crisis that, in recent years, affected the EU, especially the euro-zone. Cohesion policy was presented as an "investment policy" to help those territories that were suffering the economic downturn the most. At the same time, the thematic priorities of the Europe 2020 strategy were integrated within cohesion policy, functioning as the investment framework to deliver the Europe 2020 objectives. Figure 35 shows an aggregate measure of the Commission's preferences, the ten most recurring categories in the speech analysis for the 2010-2013 period. Among them, a large share pertains to the sectoral discourse related to Europe 2020: public investments (6%), the most relevant, is in line with the characterization of cohesion policy as the EU "investment policy"; "economic growth" (4%) belongs to the very same discourse, as we will see.

On the other hand, there is a second set of categories which are a response to the economic crisis and are mostly related to the stability discourse: "Stability-oriented policies" is the second most relevant category (4,8%) and it is strictly related to "political conditionality" (2,6%), "Economic and Monetary Union" (2,3%), and, in part, with "Efficiency and effectiveness" (2,7%). For what concerns the solidarity discourse, the only recurring category concerns "labor market participation" (3,7%), while, notably "social inclusion" does not figure among the most relevant categories, notwithstanding the emphasis on this theme within the Europe 2020 strategy and public discourse. Among the categories that focus on the procedural component of the EU, "Commission competence" (2,6%) is one of the most relevant categories, and it relates to the sectoral discourse, while "Democratic accountability" (2,8%) is related to the place-based discourse.

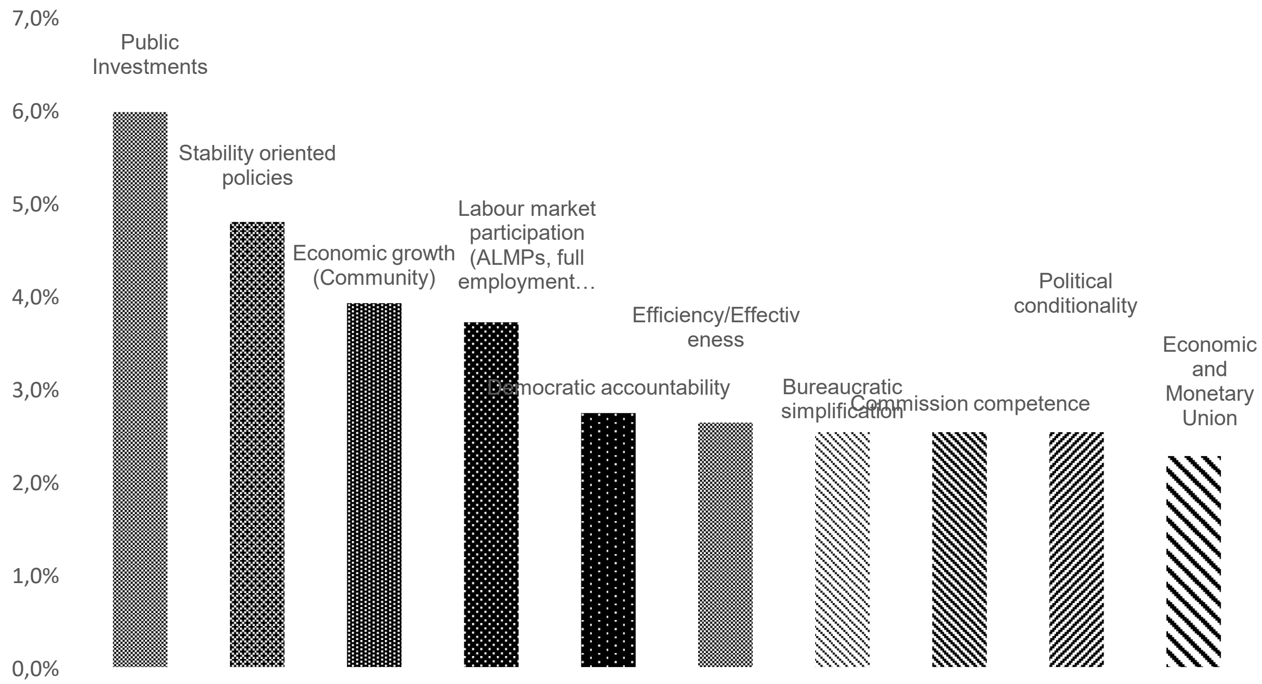

Figure 22. European Commission's preferences (2010-2013), top categories (%).

For what concerns the four discourses, taken together they are more relevant in 2013 (76,9%) than they were in 1993 (70%) and 1988 (65%). The solidarity discourse is, in 2013, less relevant than it was both in 1988 and 1993; conversely, the relevance of the stability discourse has increased once again, congruently with the increased salience of EMU-related issues during the crisis. The place-based discourse has become much less relevant (10,3%) than it was during the 1993 reform (19,4%). The contrast is even starker when the place-based discourse is compared with the cognate sectoral discourse which is, in 2013, the most relevant discourse within the Commission (26,7%). The 2013 reform was preceded by the Barca report, advocating for a return to the original "place-based ethos" of the 1988 cohesion policy. However, as observed by Mendez, "the post-203 period fall short of a coherent place-based approach owing to deep-rooted ideational, interest-driven and organizational tensions (…) exacerbated by the increasing dominance of a master narrative on Europe 2002, reinforced economic governance and the *realpolitik* of the Budgetary Review in the context of the crisis" (2014: 654).

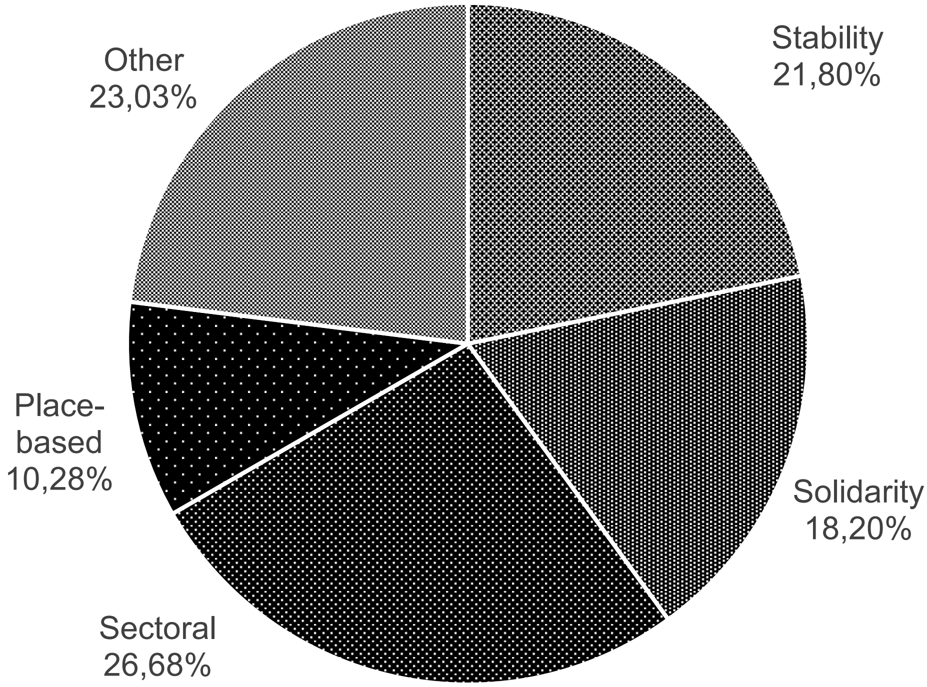

Figure 23. Commission's four discourses (2010-2013)

The data on the 2010-2013 speeches are in line with these observations. Figure 37 displays the variation within the Commission, by showing which discourse is prevalent according to the different actors. The Y-axis displays the solidarity-stability polarity, with solidarity being the positive pole. The X-axis displays the place-based – sectoral polarity, with the place-based discourse being the positive pole. As the figure shows, the overall discourse has changed significantly from both the 1988 and 1993 reform, and it is now in the left lower quadrant. During the 2010-2013 the solidarity discourse and the place-based discourse are less relevant, while the stability and the sectoral discourse are predominant. In the next sections, we will take a more in-depth look at how the four discourse are presented by the key-actors surveyed, the EC President J. M. Barroso and the European Commissioner for Regional Policy J. Hahn.

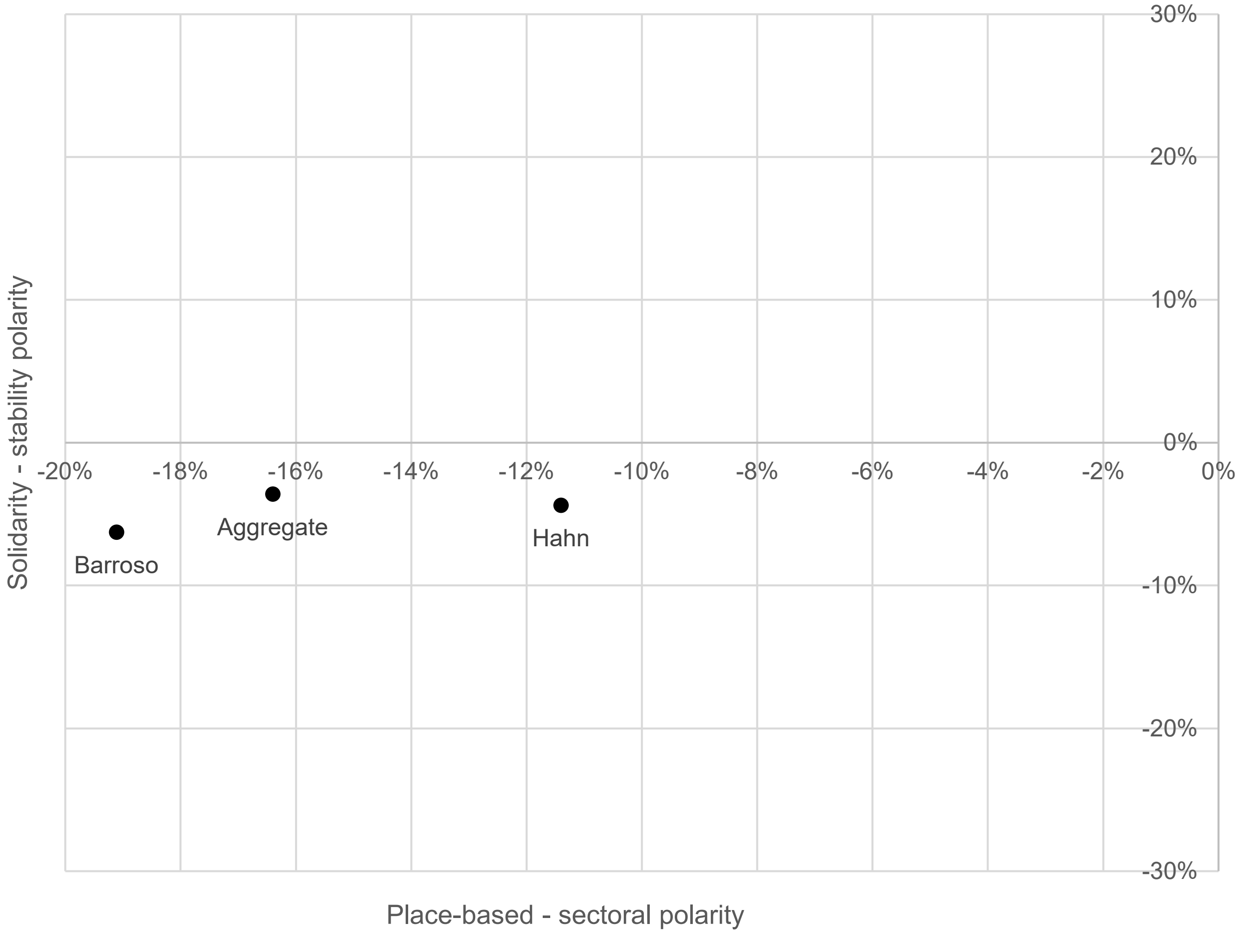

Figure 24. Key actors' four discourses (2010-2013).

2.2 Solidarity discourse in the 2013 reform

Although the solidarity discourse in the 2010-2013 speeches had a lesser role than in the 1993 and 1988 cohesion policy reforms, it is, still, reasonably relevant. According to the scholarly literature, during the 2013 reform, solidarity was mostly related to the EU response to the Sovereign Debt crisis, even if not exclusively so. When the debate on the post-2013 cohesion policy started in 2009, the crisis had yet to impact the Eurozone to its full extent, but the idea of solidarity was already at the center of the discussion. In the Barca report, when the EU manage to tackle the "exclusion traps" in Europe it contributes to the "strengthening of European bonds, extending beyond national or regional borders," thus building "a 'new identification' as European citizens" (Barca 2009: 52). Barca also recognized the tendency, in the past reforms, to pursue efficiency and competitiveness at the expense of other objectives (see also Mancha and Garrido

2008 and Begg 2010). To contrast this phenomenon, the Barca Report argued in favor of a "clear-cut distinction between [efficiency and equity] objectives," by pursuing them through "distinct interventions" (Barca 2009: 17). The equity objective was conceived in terms of social inclusions, which was defined as "the extent to which, with reference to multidimensional outcomes, all individuals (and groups) can enjoy essential standards and the disparities between individuals (and groups) are socially acceptable, the process through which these results are achieved being participatory and fair" (Barca 2009: 29). This objective was also endorsed by the Europe 2020 strategy, which brought back "social equity and territorial cohesion to the EU core priorities, considering them essential to the achievement of its newly defined 'inclusive growth goal' (Fargion and Profeti 2016: 482). According to Mendez, the synergy between Europe 2020 and cohesion policy subverted, in a sense, the place-based philosophy at the heart of the reform: the "inclusion objective" of Europe 2020, in fact, "focuses on the 'people-based' social inclusion and poverty agendas in line with DG Employment's vision on Europe 2020." Solidarity, then, has an affinity with the sectoral functional discourse, rather than the place-based discourse (Mendez 2014: 653). Solidarity was at play during the 2013 reform also in the strictly related budgetary politics. As we discussed, the Sovereign Debt crisis started to emerge in 2010, making the political division between the northern and southern European Member States even more conflictual than in the past. According to Magone (2016: 93) "the solidarity community of the 1980s had shifted considerably, resulting in a more divisive relationship between rich and poor countries and between the center and the periphery." According to Auer the contradictions between the solidarity and the stability discourse that we have already observed in the 1993 reform became even more evident: "While the German 'morality tale' of the Eurozone crisis tends to focus on reckless spending that the populations in the peripheries are asked to atone for, Greek, Spanish and Irish narratives center on arguments about solidarity" (2016: 78). In this context, the very concept of "European solidarity" became contested: "For creditor states, solidarity entailed 'effort-sharing' (…) For debtor states, solidarity was about 'burden-sharing.'" In the next paragraphs we will look at how, in concrete, the solidarity discourse developed within the European Commission among the actors surveyed.

Solidarity discourse in Barroso's speeches

The solidarity discourse represents a substantial share (19,75%) of Barroso 2010-2013 speeches. "Solidarity," as a value, is widely present (2,1%). Barroso in his speeches emphasized the fact that "Fair burden-sharing must be a core element of [EU] policies" (13MAR13_BARR, 13) in the sense that "burden and the benefits are both shared" (13MAR12_BARR, 29). This means that "policies of responsibility must be rebalanced with mechanisms and measures of solidarity" (3JAN13_BARR, 70) or, in other words, "the shouldering of responsibility that we have seen at the national level must be mirrored by greater solidarity at European level" (3JAN13_BARR, 51). This solidarity, at the EU level, takes the form of cohesion policy "which is the ultimate policy of solidarity" (21NOV12_BARR, 17) and more in general, by the MFF and the European budget (30JAN13_BARR, 40). At the same time, there is a "soft" version of solidarity which is embodied by the policies that the EU promotes via the Country Specific Recommendations: "It is also more socially equitable (...) to shift the tax burden away from labor and towards taxation which is less detrimental to growth" (22MAR12_BARR, 33, 12DEC12_BARR, 40). Among the policies of the EU, Barroso "Labor market participation" (3,9%). Concerning the employment policy, Barroso puts the emphasis mainly on youth unemployment, which, as we discussed, was the object of the second amended proposal of the Common Provision Regulation during the 2013 reform (10OCT13_BARR, 21, 1JUN12_BARR, 42, 30JAN13_BARR, 16, 13MAR13_BARR, 34, 30JAN13_BARR, 16). A second way in which the employment policy operates is through the reforms that are promoted through the Country Specific Recommendation framework: "so much attention in the country-specific recommendations goes to active labor market policies, labor market segmentation and participation, notably the issue of the participation of women" (10OCT13_BARR, 26, 5DEC12_BARR, 36). Member states must create the favorable conditions to promote market labor participation, and this has to be done through active labor market policies: "The institutional and policy environment makes all the difference for employment outcomes – hence also for growth and public finances, namely that we are reforming labor markets" (10OCT13_BARR, 26). Finally, the same argument used for public investments is also used to justify the use of the European budget to foster employment-friendly policies, such as the

Youth Guarantee and its Youth Employment Initiative: "Without structural funds, these countries - and we are talking here about most of the new Member States - will not be able to guarantee jobs," as well as granting policies with "a focus on the eight Member States hardest hit" (29MAY12_BARR, 31). "Social inclusion," in line with what we observed in the first part of the chapter, is one of the most relevant categories in Barroso's speeches. Barroso characterizes social inclusion mostly in terms of "efficiency." Social inclusion consists "social innovation," which is "a powerful force to modernize [the European] economy, to tap into new sectors and markets, to stimulate entrepreneurship" (29NOV12_BARR, 8, 29NOV12_BARR, 30). In this regard, social inclusion is also necessary to deal with the social consequences of the crisis and "for adjustment programmes to be successful" since they require "sustainable political and social conditions" (3JAN13_BARR, 46, 12DEC12_BARR, 53, 3JAN13_BARR, 45, 27NOV12_BARR, 25). Socially inclusion is also related to the preservation of the European Social Model (29NOV12_BARR, 8), along with the creation of the EU Social Dimension (27NOV12_BARR, 25, 18FEB13_BARR, 15, 3JAN13_BARR, 69, 29NOV12_BARR, 6). For what concerns cohesion policy, Barroso emphasizes the large share that is devoted to the social inclusion objective (10OCT13_BARR, 36, 13MAR12_BARR, 28, 1JUN12_BARR, 14), along with new sectoral programmes that are aimed at social inclusion, such as "the (…) Programme for Employment and Social Innovation, the European Globalisation Adjustment Fund and the Fund for European Aid to the Most Deprived" (10OCT13_BARR, 37).

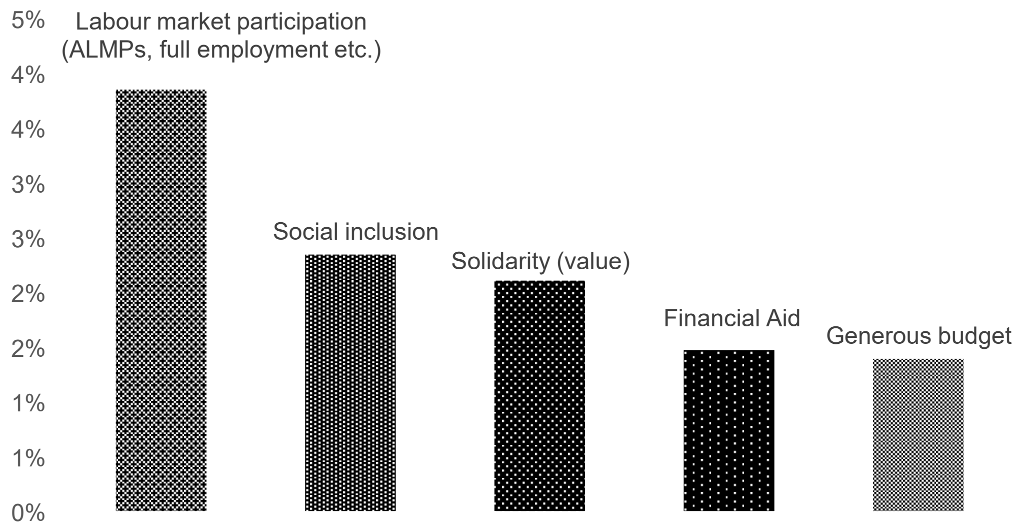

Figure 25. EC President J. M. Barroso's solidarity discourse, top five categories (%).

Among the most relevant categories, "Generous budget" (1,4%) mostly deal with the budgetary politics of the EU. Barroso conceives the budget almost exclusively in terms of "a budget for growth and investment" (22MAR12_BARR, 12, 02JUL13_BARR, 20). The European budget is, in fact, "the biggest and most stable source of public investments" "in many of our Member States" (1JUN12_BARR, 19, 6FEB13_BARR, 48, 1JUN12_BARR, 19). The last category, "Financial aid" (1,5%), is characterized in a similar way: the EU budget is essential to support "those countries and regions (…) that are least able to borrow elsewhere" (29MAY12_BARR, 25) and it is essential "to have a chance to beat the crisis" (6FEB13_BARR, 37, 18FEB13_BARR, 18, 3JAN13_BARR, 52).

Solidarity discourse in Hahn's speeches

The solidarity discourse represents a very small share (9,6%) of Hahn's speeches. Similarly to Barroso, "Labor market participation" is the most relevant category in Hahn's solidarity discourse. Along with the focus on the Youth Initiative (15JUN12_HAHN_18, 9JUL13_HAHN, 18, 9JUL13_HAHN, 17) Hahn stresses the how cohesion policy can solve the unemployment policy issue from a territorial perspective: "For Greece alone, a total value of about € 11 billion is being reprogrammed and an action plan with 180 vital projects is being implemented creating estimated 100,000 jobs," "for Italy a similar operation is underway, notably for the South, for a total value of € 3.6bn" (15JUN12_HAHN, 19-20).

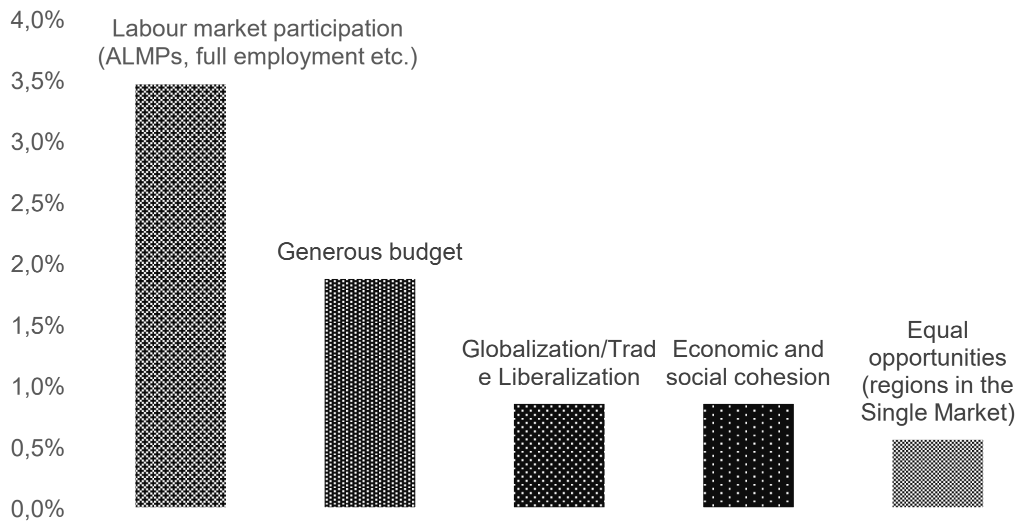

Figure 26. Commissioner J. Hahn's solidarity discourse, top five categories (%)

"Generous budget" is the second most relevant category (1,9%). Once again, there is a striking similarity with the way in which Barroso frames this category, focusing mostly on cohesion policy's budget: "Cohesion policy remains the second biggest expenditure item, with sufficient funds to continue to be the major source of public investment in many EU states" (9JUL13_HAHN, 13, 21JUL11_HAHN, 22). Hahn also puts some emphasis on the "re-programming" of the Structural Funds to assist those economies that are more affected by the economic crisis such as Portugal: "a real shot in the arm for the economy" (16JAN11_HAHN, 13). "Globalization" is among the most relevant categories (0,9%) and it is considered to be one of the main issues that the regions are facing: "increased competition from around the world" means that "regions and member states are quickly exposed to new challenges" (8OCT12_HAHN, 29, 19APR11_HAHN, 15, 22NOV11_HAHN, 4, 9JUL13_HAHN, 4). The last two relevant categories in Hahn's speeches are "Economic and social cohesion" (0,9%) and "Equal opportunities" for the regions in the Single Market (0,6%); both categories are intended as objectives to cohesion policy. While economic and social cohesion is framed as "reduced disparities" among the regions (22NOV11_HAHN, 3), equal opportunities are considered as having all the regions equally benefitting from the Single Market (19FEB10_HAHN, 15).

2.3 Stability discourse in the 2013 reform

As we have discussed, the stability discourse, which was residual during the 1988 reform, gained momentum in the run-up to the Maastricht discourse; at the same time, stability-based instruments, such as macroeconomic conditionality, became part of cohesion policy in an effort to support the future creation of EMU. While during both the 1988 and 1993 reform the solidarity discourse was prevalent when compared with the stability discourse, this situation changed during the 2010-2013 period: as we have seen, during this period, the stability discourse is the second most relevant discourse (21,8%) both in the speeches by the EC President J. M. Barroso and in those of the Commissioner for Regional Policy J. Hahn. According to the scholarly literature, the context in which the debate took place contributed to the increase in the salience of the stability discourse during the 2013 reform. Streeck and Elsässer observe that, since 2008, the "lagging competitiveness in peripheral countries" became increasingly evident in Europe among EMU countries, and it was explained by the "different proclivities to inflation, some needing higher inflation than others to reach a socially acceptable level of employment and growth." The structural issues affecting EMU starting from 2010 were interpreted as a morality tale involving "Northern Saints and Southern Sinners," and "rather than correct the institutional flaws in the euro's design," "political efforts focused on a strengthened Stability and Growth Pact (…) a European Central Bank still mainly focused on price stability (...) and a 'tough love' combination of austerity and reform in the Eurozone periphery" (Matthijs and McNamara). Within the European Institutions, the European Council, in particular, these political efforts were made by a group of Member States led by Germany, which "sought to resolutely defend the economic 'stability-oriented' principles enshrined in the Maastricht 'monetary' constitution (Dyson 2014: 622). Cohesion policy, of course, was part of the picture. According to Jouen "The 2008 financial crisis followed by the 2011 euro area crisis has resulted in a shifting of the tougher aspects in negotiations over the cohesion policy for 2014–2020. Instead of concerning the overall amount of the budget devoted to structural and cohesion funds as it did for the previous two programming periods, the debate among the European institutions got bogged down over the quality of public spending and the measures supposed to ensure the policy's effectiveness and efficiency" (2015: 3). One of those measures was macroeconomic conditionality. As we have seen, this measure was firstly introduced in 1994 with the Cohesion Fund; in 2010-2013 it was discussed whether if to extend the so-called ‘suspension clause’ to the whole cohesion policy. This proposal, of course, stirred up controversies: according to Jouen, “Local and regional authorities, in particular, deplored the “double penalty” being thus inflicted on them because they were not responsible for excessive national deficits but they were in danger of being penalized by a suspension of funding.”

Stability discourse in Barroso’s speeches

The stability discourse is the most relevant in Barroso’s speeches (26%). As we have observed, the context of the crisis contributes to the salience of this discourse: as figure 40 shows, “sovereign debt crisis” is among the most relevant categories (1,8%). Barroso characterizes the crisis as resulting from “mistakes of the past,” attributing the fault to “some European countries' economies and in particular the intolerable excessive indebtedness and their lack of competitiveness” (3JAN13_BARR, 20, 13MAR13_BARR, 16). In the same vein, he characterizes the past economic growth as “artificial growth, (…) stimulated by the issue of public debt and easy credit, but growth rooted in a solid foundation” (3JAN13_BARR, 44). A similar diagnosis is made for what concerns the “structural issues” affecting EMU (1,8%): those issues mainly depend from “growing imbalances in Europe, including the euro area, and growing imbalances in terms of the relation of some of the Members States with the rest of the world and critical aspects of competitiveness” (29MAY12_BARR, 24, 2OCT12_BARR, 26, 22MAR12_BARR, 18, 3JAN13_BARR, 30). These issues are made even more dangerous by the “imperfect construction” that is EMU, which is based on “a shared currency” but not “truly coordinated economic policies” (3JAN13_BARR, 31). In this regard, “Economic and Monetary Union,” the second most relevant category (3,6%), is indeed “irreversible” (13MAR12_BARR, 21, 4SEP12_BARR, 29, 3JAN13_BARR, 38, 12DEC12_BARR, 21, 13MAR12_BARR, 21). According to Barroso, however, EMU is still incomplete: the “deepening of the Economic and Monetary Union” needs to be done, by “reinforcing the accountability and solidarity mechanisms” (3JAN13_BARR, 34, 30JAN13_BARR, 27, 12DEC11_BARR, 54, 10OCT13_BARR, 39, 12DEC12_BARR, 13).

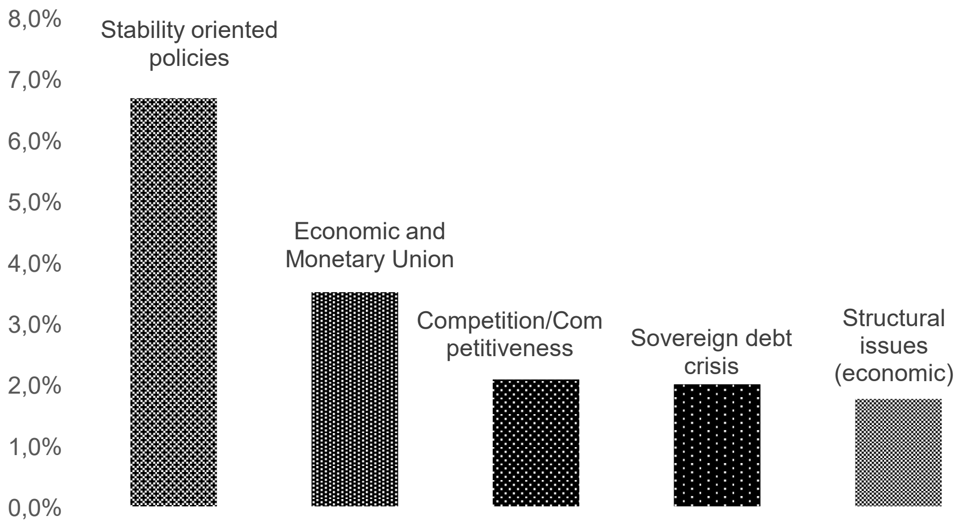

Figure 27. EC President J. M. Barroso's stability discourse, top five categories (%).

"Stability-oriented policies" is the most relevant category (6,7%) in Barroso's stability discourse. Barroso considers policies fostering the stability of the Eurozone as the solution to the crisis. As we have seen, the sovereign debt crisis, according to Barroso, originated in few Member States but had systemic consequences that affected the EU as a whole. Consistently with this explanation of the crisis, Barroso addresses both the local causes of the crisis and the global consequences. On the one hand, the EU needs to "[correct] very important imbalances in the European economy, most importantly in the programme countries" (13MAR13_BARR, 9). These programmes prove to be effective in "Ireland [where] long and short-term interest rates are now lower than those of countries that did not require assistance programmes" (3JAN13_BARR, 41) and in Portugal, where "short- and long-term interest rates on debt have fallen significantly" (3JAN13_BARR, 42). Much remains to be done in the case of Greece, where "finding a lasting solution (...) is an essential prerequisite for stability" (13MAR12_BARR, 19). Stability, then, must be pursued on two fronts. The first one is at the domestic level, where the "Member States [need to implement the] structural reforms that will enable them to balance their public accounts and increase the competitiveness of their economies" (30JAN13_BARR, 24-25). The other area of intervention is at EU level, where a large array of policy instruments is introduced to secure the Eurozone: the fiscal pact (13MAR13_BARR, 18), the European Stability Mechanism (12DEC11_BARR, 29, 13MAR13_BARR, 18), the European Financial Stability Facility (12DEC11_BARR, 26-28), the two-pack (5DEC12_BARR, 13). Along with policy instruments, Barroso discusses the mechanisms that need to be in place to ensure stability. Existing institutions such as " the European Central Bank [which] will continue to provide the background of financial stability" (12DEC11_BARR, 30) are put side by side with other tools of governance, such as the European Semester "and all that it entails in strengthening governance" (12DEC11_BARR, 54). Barroso also underlines the importance of the Country Specific Recommendations, which are the way in which domestic and EU stability-related issues can find a synergistic solution: "in the Eurozone, by taking specific measures that will make it possible to improve the governance, action and effectiveness of the budgetary policies of the various countries" (3JAN13_BARR, 34, 02JUL13_BARR, 21, 14). Stability is also put in relation to both economic growth and social policy: according to Barroso "we cannot have growth without stability" (29MAY12_BARR, 13). Stability is a necessary prerequisite to growth, since "sound fiscal and structural policies (...) enhance growth" (1JUN12_BARR, 18). The "dynamic macroeconomic environment" argument, already present in Schmidhuber's 1988 and 1993 speeches, is now central to the relationship between economic growth and economic stability: "the most effective use of the budget comes when there is macroeconomic stability, when there are no structural imbalances and no distortions" (22MAR12_BARR, 37, 2OCT12_BARR, 18, 13MAR12_BARR, 25). At the same time, stability-oriented policies must be accompanied by market-correction, to preserve social cohesion: "we must make sure that discipline and responsibility go hand in hand with solidarity and convergence" (12DEC12_BARR, 24, 13MAR12_BARR, 40). A stability-oriented policy goes hand in hand with policy efforts targeted at increasing "Competitiveness" (2,1%). As we have seen, Barroso considers the lack of competitiveness one of the structural issues negatively affecting EMU; as such, "boosting Europe's competitiveness" is, among the Europe 2020 priorities, "the most urgent thing" (1JUN12_BARR, 26, 29NOV12_BARR, 6, 13MAR12_BARR, 36, 3JAN13_BARR, 44, 2OCT12_BARR, 14). At the same time, according to Barroso, competitiveness is not hampering the social objectives: "there should not be any contradiction between the social and the competitiveness agenda."

Stability discourse in Hahn's speeches

The stability discourse is the third most relevant discourse in Hahn's speeches (14%). "Policy failure," as figure 41 shows, is the third most relevant category in Hahn's stability discourse; in describing the past failures of cohesion policy, Hahn mostly focuses on the "legislative or policy framework," which was not "in place" before the implementation (16JAN11_HAHN, 22, 8OCT12_HAHN, 21). Policy failures also failed because of the lack of "a higher level constraint," which favored the "capture" by "local interests" which resisted "necessary changes" (19APR11_HAHN, 20). Policy failure was also determined by "administrative silos," which is "lack of interaction between levels of governance and departments, a lack of strategy, a lack of focus, a lack of synergies and a lack of partnership, particularly with the private sector, in programme" (15JUN12_HAHN, 61). Hahn, in reflecting on past policy failures adopt many of the arguments of the Barca report; consistently with the place-based approach, his argument in favor of "political conditionality," which is the most relevant category in Hahn's stability discourse, is in part based on ex-ante conditionality (16JAN11_HAHN, 22, 19APR11_HAHN, 8OCT12_HAHN, 15, 22NOV11_HAHN, 14).

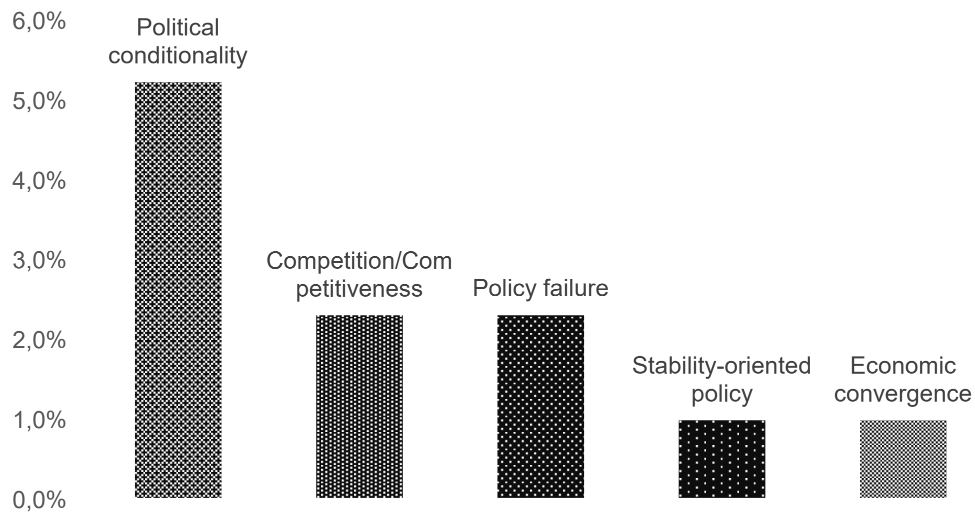

Figure 28. Commissioner J. Hahn's stability discourse, top five categories (%)

Political conditionality, however, is mostly characterized as ex-post conditionality, which is highly consistent with the stability discourse. On the one hand, Hahn emphasizes the "performance reserve": "as far as ex-post conditionalities are concerned, the regulation proposes clear provisions to reward programmes that perform well" (22NOV11_HAHN, 20, 10OCT11_HAHN, 25, 8OCT12_HAHN, 15). On the other hand, Hahn is in favor of the macroeconomic conditionality: "when Member States refuse to respond to the challenges of striving for healthy public finance" (22NOV11_HAHN, 21, 19APR11_HAHN) "we do propose to suspend the transfer of resources under EU structural policies" (22NOV11_HAHN, 21). Even if there are, according to Hahn, concerns on the application of this measure, "several Member States acknowledged that these types of conditions can enhance effectiveness" (24NOV11_HAHN, 13). Along with macroeconomic conditionality, Hahn also proposes to strengthen the governance of cohesion policy to facilitate the structural reforms suggested by the European Semester, with the possibility "to discuss with Member States and convince them sometimes that their strategies need to be reformulated" (19APR11_HAHN, 64). The emphasis on the economic governance is also highly consistent with the "Stability-oriented policy" category (1%). Similarly to Barroso, Hahn considers "restoring sound public finances" (8OCT12_HAHN, 6) and the "strengthening of economic governance" based on "stability, structural reforms, and competitiveness" as paramount in the "exit strategy" from the crisis (19APR11_HAHN, 50). In this regard, "competitiveness" (2,3%), the second most relevant category in Hahn's stability discourse, is characterized mostly in terms of "smart specialization" and assistance to SMEs and innovation; Hahn, however, justifies the strive towards a more competitive economy in a way which is highly consistent with the stability discourse: "empirical research and evaluations show us that those Member states that have invested in innovation have been stronger in the crisis and are showing signs of faster recovery" (15JUN12_HAHN, 44).

2.4 Place-based discourse in the 2013 reform

As we have seen in the first chapter, the "place-based narrative" was the departing point of the 2013 reform debate: in 2008, Commissioner for Regional Policy Danuta Hubner started the debate on the post-2013 reform by inviting Fabrizio Barca to write an independent report on the future cohesion policy. The Barca Report, published in 2009, "invoked a political mission that had been lost over time, inspired in values that resonated with the foundations of cohesion policy, including an older discourse about the benefits of the area-based approach and the stimulation of endogenous potentials, i.e., bottom-up, integrated partnership-based initiatives." These ideas were already present both in the 1988 and 1993 reform, as we have discussed in the previous chapters; however, the Barca report had the merit to "systematize these pre-existing ideas into a coherent narrative and programme of prescriptions" (Mendez 2014: 648). The place-based approach, according to the report, was the best way to "tackle the persistent underutilization of potential and reducing persistent social exclusion in all areas of Europe." According to Barca, in fact, "underdevelopment in a place [is caused by] the lack of either the capacity or the willingness of its local elite or to the centrifugal effect of agglomerations promoted or seconded by public interventions in other places": since "space matters and shapes the potential for development" a "space-neutral sectoral approach is regarded as inappropriate" (Barca *et al.* 2012: 139). According to Mendez, the place-based narrative became the "new conventional wisdom" in the run-up to the 2013 cohesion policy reform (2014: 643). Other European institutions, the European Parliament, along with the Committee of the Regions, appeared to adopt the new narrative quickly. According to Hübner, the European Parliament contributed to the pre-legislative phase of the cohesion policy reform by blocking the "initial intention of the European Commission to [separate] the European Social Fund from cohesion policy." Instead, the European Parliament "strongly encouraged a bottom-up, region-specific approach in the identification of ESF objectives, [pursuing] maximum synergy among the Structural Funds" (Hübner 2016: 146). The European Parliament, consistently with the place-based narrative, also 'rediscovered' the concept of subsidiarity in its "positive" acceptation (see Endo 1994): "subsidiarity should be seen less in terms of separation of competences (…) and more in terms of sharing and cooperating (…) the REGI Committee would suggest a more ambitious interpretation of the partnership principle, including the involvement of subnational layers of government (…) throughout the preparation, implementation, monitoring and evaluation of programmes, from the earliest stage possible."

Place-based discourse in Barroso's speeches

As we have discussed, the scholarly literature considers the place-based discourse to be extremely pervasive during the 2013 reform, to the point to be considered the 'new conventional wisdom.' The 2010-2013 speeches analysis does not vindicate this finding for what concerns the EC President Barroso: as a matter of fact, the place-based discourse in Barroso's speeches is extremely residual (5,15%). The low relevance of this discourse is even more striking when compared with its cognate discourse, the sectoral discourse (24,3%). When looking more in detail to the coded segments, it appears quite clear that even when using concepts such as "subsidiarity," Barroso emphasizes the relationship between the European Union and its institutions and the Member States, while giving only little credit to the regional and local levels. The most relevant category in Barroso's place-based discourse is "Democratic accountability" (1,9%). Barroso acknowledges the need of a "reinforcement of European democracy" through "accountability and legitimacy" (30JAN13_BARR, 30) to "keep the population of Europe broadly supporting the European integration" (4SEP12_BARR, 32). Democratic accountability, in line with the place-based discourse, "must be provided at that level where the decision is taken, taking into account all levels where its impact will be felt" (30JAN13_BARR, 32, 4SEP12_BARR, 22), along with a stronger role by both the European Parliament and the national parliaments (6FEB13_BARR, 41, 30JAN13_BARR, 31).

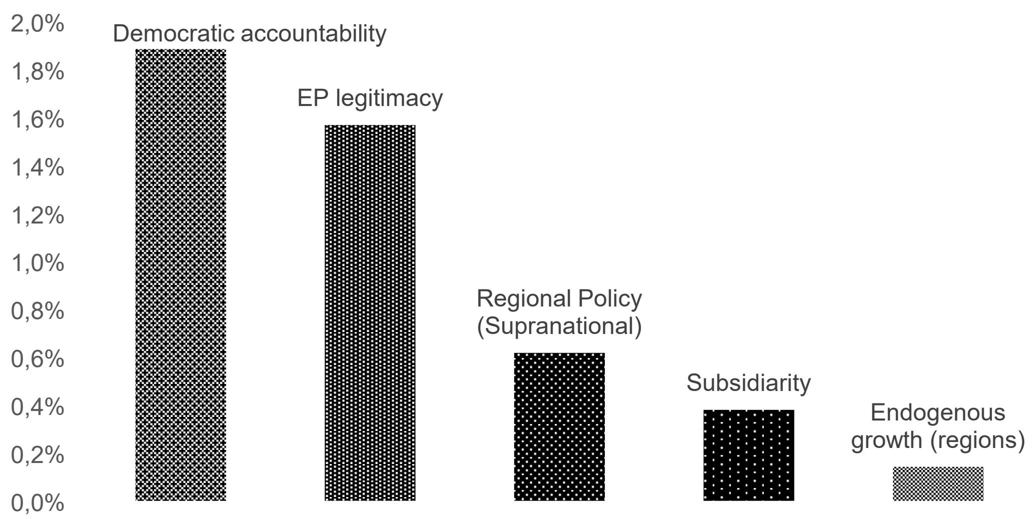

Figure 29. EC President M. Barroso's place-based discourse, top five categories (%).

A large part of the "democratic accountability discourse" is related to the "EP legitimacy category" (1,6%): to reinforce the European Democracy means an increased role by the European Parliament in the decision-making process (12DEC12_BARR, 27, 30JAN13_BARR, 31), also for what concerns the decisions on the Multi-annual financial framework and cohesion policy (21NOV12_BARR, 15, 6FEB13_BARR, 29, 18FEB13_BARR, 19), which, in turn, is not "a budget for Brussels of Strasbourg," since "more than 94% of the budget is spent entirely on European citizens" (21NOV12_BARR, 15, 22MAR12_BARR, 16) – much in line with the "Roman strategy" argument that we have discussed in chapter two (see Van Middelaar 2013: 252-254).

Democratic accountability is also related to "Subsidiarity" (0,4%), which is characterized by Barroso mostly in its negative acceptation: "It will certainly be a mistake particularly in times of anxiety like the ones we are living, in these times of turbulence, to try to build the EU against the nation states" (4SEP12_BARR, 14, 29NOV12_BARR, 23), even if, more in line with the place-based approach, Barroso also characterizes the EU as a "system of governance on multiple levels" (13MAR12_BARR, 28) and clarifies that the European strategy 'Europe 2020' "needs to be [owned] need to own this strategy at all levels including the social partners, the regions, our societies" (30JAN13_BARR, 32). The last relevant category is "Regional Policy" (0,6%): Barroso considers the role of cohesion policy as fundamental for the EU: "This transformational power of cohesion means that this policy is not a luxury of the European Union. It is part of the fabric, of the essence of the European Union."

Place-based discourse in Hahn's speeches

The place-based discourse is the second most relevant discourse (19,7%) in Hahn's speeches; he mostly focuses on concepts related to the developmental theory that underpins the place-based approach. The most relevant category, however, is "Democratic accountability," which revolves around the issues of transparency related to cohesion policy. In particular, Hahn suggests to "establish the basis for a real political debate on substance rather than on procedures" (8OCT12_HAHN, 22) specially concerning the "effectiveness of the policy" (24NOV11_HAHN,

4) and the distributive impact of the policy (24NOV11_HAHN, 12) At the same time, he proposes to open a debate on "certain conditionality provisions," to "test whether they are credible, enforceable, and shared" (24NOV11_HAHN, 18, 22NOV11_HAHN, 18).

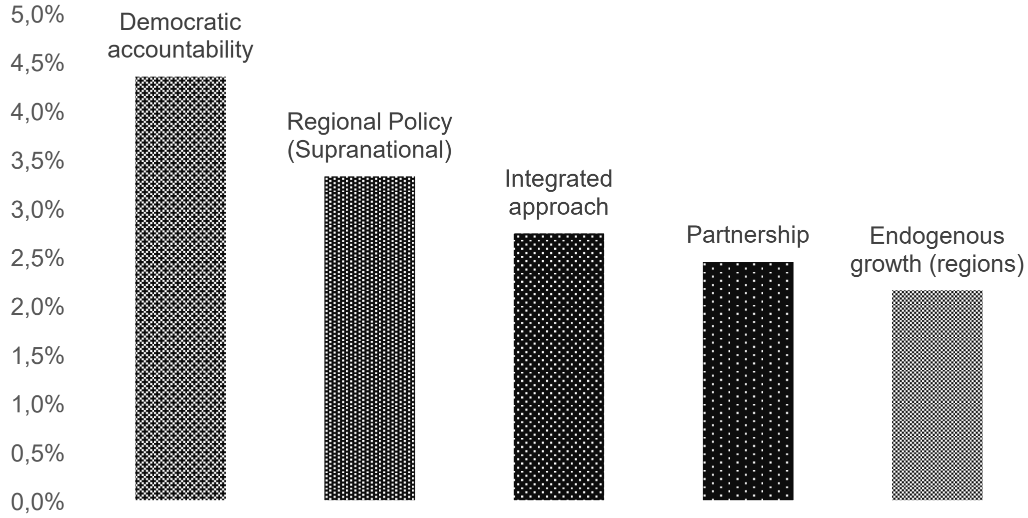

Figure 30. Commissioner J. Hahn's place-based discourse, top five categories (%).

For what concerns cohesion policy principles, Hahn 'rediscovers' two of the main ideas underpinning the 1988 cohesion policy reform. The first one is the "integrated approach" (2,8%). The 2013 cohesion policy approach should be, according to Hahn, "integrated and place-based": it is integrated "because it combines investments in infrastructure with innovation and training" (19APR11_HAHN, 16-17, 13, 19FEB10_HAHN, 23, 9JUL13_HAHN, 19) or, in other words, "it should provide guidance on how to ensure that the different sources of EU funding can be combined most effectively to maximise the impact towards our common objectives." It is worthy to notice, that, while the 1988 reform, following the Integrated Mediterranean Programmes, was seeking to integrate different policy instruments to create different paths towards "local development," in this case the integrated approach is fostered towards European objectives, more specifically those of Europe 2020: "all investments with EU money must be mutually reinforcing, and serve a single set of objectives" (9JUL13_HAHN, 19). The way in which Hahn characterizes the "endogenous growth" (2,2%) is, instead, more in line with the 1988 philosophy: it consists in laying "foundations for self-sustained growth" (15JUN12_HAHN, 55). The method to do so is to "shift from a more infrastructure-focused policy to one focused on a real stimulation of the economy" (26SEP13_HAHN, 22), by having a policy acting "as a catalyst of public and private resources" (15JUN12_HAHN, 9, 49, 8OCT12_HAHN, 25). The "Partnership" principle (2,5%) is paramount in this approach: Hahn declares that "The partnership principle has been at the heart of the reforms I have spearheaded for Regional Policy" (9JUL13_HAHN, 2, 22NOV11_HAHN, 6). The last relevant category is "Regional Policy" (3,4%), which is particularly interesting, since it delineates Hahn's general categorisation of the policy. First of all, the policy is "the essence of the European Union" (15JUN12_HAHN, 13, 16JAN11_HAHN, 32, 26SEP13_HAHN, 10, 10OCT11_HAHN, 10). Hahn directly argues against the argument of having a policy that only cover less-developed regions and cohesion countries: "Cohesion policy should cover all regions. No region has a guarantee of prosperity for eternity" (19FEB10_HAHN, 15, 21JUL11_HAHN, 25, 19FEB10_HAHN, 6, 10OCT11_HAHN, 13). Second, and slightly in contrast with the place-based approach, "cohesion policy needs to play an important role" "in this new economic governance," also for what concerns the solution of the "economic crisis"; all observations that are more in line with both the stability and the sectoral discourse.

2.5 Sectoral discourse in the 2013 reform

In the previous two chapters we have observed that a sectoral-coordination discourse preceded both the 1988 and 1993 cohesion policy reforms; according to Mendez, in this type of sectoral discourse, the EU plays a "soft co-ordination role": before the 2013 reform, this corresponded to the open method of co-ordination which was present in the Lisbon agenda; in the debate preceding the 2013 reform this discourse is still present and it is emphasized in the speeches of the Commissioner for Employment as "the need for programmes to focus on the country-specific recommendations under the European semester and areas that make a direct contribution to Europe 2020 headline targets" (2014: 654). This also corresponded to an increased role of the European Council, which "had a stronger impact on the regulatory framework than previously by issuing conclusions on the MFF (…) over the substance of the Cohesion policy regulatory package, notably in the areas of macroeconomic conditionality, definitions and eligibility, the Connecting Europe Facility, the performance reserve and co-financing rates, amongst others" (Mendez and Bachtler 2016: 136).

During the same period, a sectoral functionalist discourse was gaining momentum. This discourse, as we have seen, proposes a "sectoral, top-down development policy model [and] advocates 'spatially-blind' development policies focused on diminishing trade costs (...) lowering border effects (division) and encouraging agglomeration (density)" in line with both the policies of international organizations such as the UN and the '3d' model of the World Bank (Mendez 2013: 19). During the 2013 cohesion policy reform, this type of sectoral discourse emerged during "budget review debates in late 2008/2009," centering "on the creation of sectoral funds to deliver EU [Europe 2020] objectives in research, energy, transport and climate change" (Mendez 2014: 653). As we have seen while discussing the place-based discourse, the European Parliament opposed this type of reform; nevertheless, according to Mendez "territorial cohesion and the structural funds were subsumed within the inclusion objective, which focuses on the 'people-based' social inclusion," along with "the heavily 'thematic approach' to economic development in Europe 2020" (Mendez 2014: 653).

Sectoral discourse in Barroso's speeches

The sectoral discourse is the second most relevant discourse (26%) in Barroso's speeches after the stability discourse, and it is far more relevant than the related place-based discourse. As figure 44 shows, one of the most pertinent categories of this discourse is "economic growth" (4,7%). Economic growth is a problem affecting the European Union as a whole: "It is about the future direction of the European Union, about how to leave the current crisis behind us, how to plan for the future, and it is about Europe's place in the world" (2OCT12_BARR, 9, 4SEP12_BARR, 25, 1JUN12_BARR, 24). The growth objective is the benevolent face of the Union: after having restored stability, the EU has "a chance to focus on what Europe's economy really needs – growth" (22MAR12_BARR, 10). In this regard, the two – stability and growth – are strictly related: stability is necessary for growth (13MAR13_BARR, 9, 22MAR12_BARR, 14), while it is impossible to "have stability without growth" (29MAY12_BARR, 12-13). The main instrument to create growth, according to Barroso, is the European budget: "Our budget (…) is a budget for investment and for growth" (1JUN12_BARR, 11, 1JUN12_BARR, 14, 21NOV12_BARR, 58, 6FEB13_BARR, 36-37, 21NOV12_BARR, 69).

“Public investments” (5,5%) are, according to Barroso, one of the vessels for economic growth. As we have seen, one of the recurring themes in the previous reforms was the conflictual relationship between budget increase and austerity: the Member States were asked to increase their contribution to the Community budget while cutting their national expenditures to reduce the fiscal deficit and stabilize the common currency. Barroso solves this conundrum by taking into account two elements. First, he relates the argument in favor of public investment to that of “added value”: “European investment is (...) needed especially in areas where a Euro invested at the European level adds more value than a Euro invested nationally” (6FEB13_BARR, 35). Second: investments are needed for growth (2OCT12_BARR, 14, 1JUN12_BARR, 19), but in certain countries, such as Greece, there is no room left for investments made at the domestic level. For this reason, the EU has to intervene by creating some redistribution among the Member States: “without these provisions, some Member States would simply not be in a position to make the public investments they need in 2014 and 2015 and they need those investments urgently” (18FEB13_BARR, 17, 29MAY12_BARR, 25, 6FEB13_BARR, 37). Hence, the investments by the EU will both provide added value, by further integrating the European economy and EMU while providing relief to the Member States in fiscal distress. Barroso’s speeches also provide some information about the mix of investments that the Commission intends to pursue (29NOV12_BARR, 27): infrastructural investments, in terms of transport networks (12DEC11_BARR 27, 29NOV12_BARR, 27, 2OCT12_BARR, 21), energy infrastructure (18FEB13_BARR, 13, 2OCT12_BARR, 15) and digital networks (22MAR12_BARR, 26, 2OCT12_BARR, 20) within the Connecting Europe Facility framework (2OCT12_BARR, 22-23). Since the jobs and growth agenda is part of the strategy Europe 2020, the European budget and cohesion policy are both instruments of this investment strategy. Concerning the budget, Barroso stresses that “the EU budget is a budget for growth and investment – the money is not for Brussels” (1JUN12_BARR, 14), “a truly European approach to address common issues through the European Union budget” (29MAY12_BARR, 27, 13MAR12_BARR, 35, 12DEC12_BARR, 58). The same is true for cohesion policy: hence Barroso proposes to maximize the “disbursement of structural funds focused on growth” (12DEC11_BARR, 21, 1JUN12_BARR, 31). The “European Strategy” (1,7%) Europe 2020 is part of Barroso’s sectoral discourse. Europe 2020 is characterized as a "strategy for smart, sustainable and inclusive growth" (10OCT13_BARR, 13) and a shift, in the debate on how to overcome the crisis "from a focus on fiscal consolidation to the kind of 'smart' fiscal consolidation (…) [that is part of] the Europe 2020 strategy" (2OCT12_BARR, 16). According to Barroso, "maintaining Europe's social model" is a condition for the success of Europe 2020. The strategy does this by both giving "social issues top priority" (10OCT13_BARR, 13) and by creating the conditions for economic growth (22MAR12_BARR, 10). The multiannual financial framework is "one of the main tools for delivering (…) the strategy" (22MAR12_BARR, 12, 10, 16, 6FEB13_BARR, 43-45, 21NOV12_BARR, 16, 13MAR12_BARR, 25). Cohesion policy is "aligned" with "the Europe 2020 objectives" to deliver "sustainable, intelligent growth, not just any form of growth" (21NOV12_BARR, 62). Europe 2020 also involves a sectoral coordination discourse for what concerns "national, country-specific guidance" involving "key social and employment targets for all [the] 28 EU Member States (10OCT13_BARR, 24).

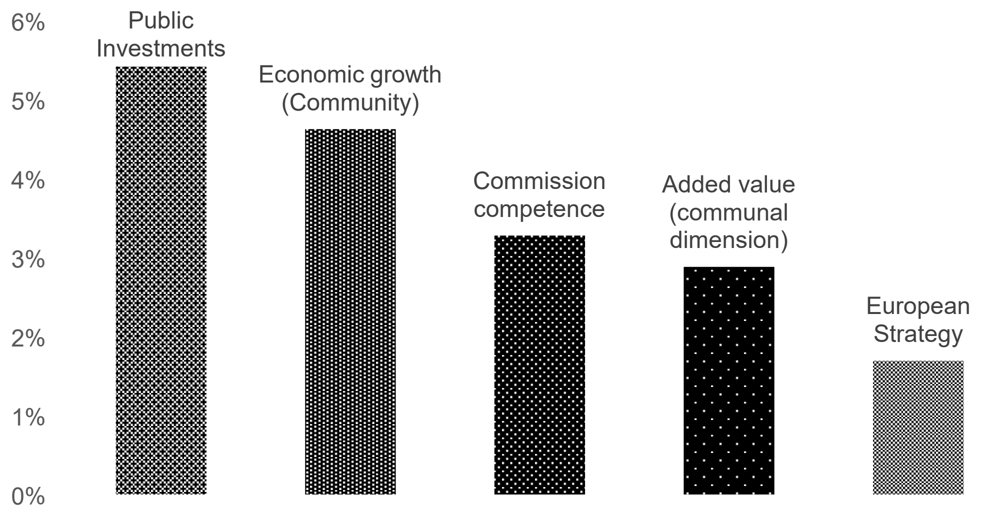

Figure 31. EC President M. Barroso's sectoral discourse, top five categories (%).

"Added value" (2,9%) is used by Barroso as a justification for having a European budget. The basic argument is that even though national budgets are under constraints, the situation should be different for the European budget, since it promotes highly efficient policies that allow actually to save money: "one Euro spent at the European level brings more than one Euro spent at the national level" (1JUN12_BARR, 35). This is possible because, that euro can "budget can usually spare several Euros for national budgets through synergies and effects of scale" (22MAR12_BARR, 15). Hence, even though "we understand the need for rigour, and we are for rigour" (1JUN12_BARR, 27), it is necessary "to preserve the European dimension of our budget – for instance, on Horizon 2020 for research, Connecting Europe, COSME for SMEs and Erasmus for All" (6FEB13_BARR, 46). The divisions between net contributors and net recipients should not be relevant, since "the MFF offers even to the strongest Member States a European dimension to their economic growth, their infrastructure and their research, which provides huge benefits also for them" (30JAN13_BARR, 17). Finally, for what concerns the "Commission competence" (3,3%) Barroso characterizes the Commission as the "driver of [the] reform agenda" (5DEC12_BARR, 12, 29MAY12_BARR, 11, 19). At the same time, the Commission has an important role for what concerns "the process of coordination and integration" which, of course, involve the economic governance of the European Semester (12DEC11_BARR, 64, 10OCT13_BARR, 30, 29MAY12_BARR, 17).

Sectoral discourse in Hahn's speeches

The sectoral discourse is the most relevant discourse in Hahn's speeches (31,1%). "Public investments" is, by far, the most relevant category in Hahn's stability discourse (6,9%). For what concerns the relation between public investments and the general economic policy, Hahn shares the view of Barroso that "we cannot have stability without growth" (15JUN12_HAHN, 6) and that targeted investments generate growth and jobs for all" (10OCT11_HAHN, 13, 8OCT12_HAHN, 6). Hahn also provides an operative definition of what constitutes an investment and in what it is different from "a charity policy" (21JUL11_HAHN, 24): "investment principle (...) is simply to get more out than you have put in" (26SEP13_HAHN, 25). Cohesion policy, as in Barroso's speeches, is presented as an investment policy: "Regional Policy funds are the investment arm of the EU" (16JAN11_HAHN, 3, 9JUL13_HAHN, 5). According to Hahn, "the essence of Cohesion policy is to promote the development of regions and countries and to improve the quality of life of EU citizens through investments in people, in basic services, in key infrastructures, innovation and R&D, and in a better environment" (19APR11_HAHN, 43).

Finally, also Hahn present the argument that cohesion policy is needed as public investment policy at the EU level in order to just allow stable investments in some parts of Europe, especially during the crisis: “For many member states and regions Cohesion Policy is the last available source of investment for underpinning structural reforms and investing in growth and jobs” (26SEP13_HAHN, 11, 8OCT12_HAHN, 25). This relevance is quantified: “In 7 member states structural funds amount to more than 60 % of the total public investment, In 10 more than 50% and in 13 more than one third” (26SEP13_HAHN, 11). Thematic concentration is the second most relevant category (5,1%) in Hahn’s sectoral discourse. We have already observed how, conceptually, this type of concentration should be the concrete expression of the objectives related to the EU2020 strategy. The rationale for thematic concentration is spelled in this way by Hahn: “If we invest our reduced public funding in measures which are ready for support, and if we concentrate on a limited number of measures that we can be sure will enhance growth, Cohesion Policy can play a very significant part in pulling Europe out of the current economic stagnation” (16JAN11_HAHN, 26). This limited number of measures is defined in coherence with EU2020: “I am therefore convinced that the policy can only gain from a closer link with the EU strategy while allowing MS and regions to define the appropriate policy mix within each of the thematic priorities selected” (31MAR11_HAHN, 36). This, operationally, translates in “a thematic menu of 11 priorities” (10OCT11_HAHN, 16, 22NOV11_HAHN, 10) that will be, along with “prioritization,” a “key aspect of the proposed Partnership Contracts between the Commission and each Member State” (10OCT11_HAHN, 17). In this way, cohesion policy is instrumental to the end goal of “smart, inclusive and sustainable growth”: “smart, sustainable and social inclusive investments through thematic concentration on the most growth enhancing areas” (8OCT12_HAHN, 15).

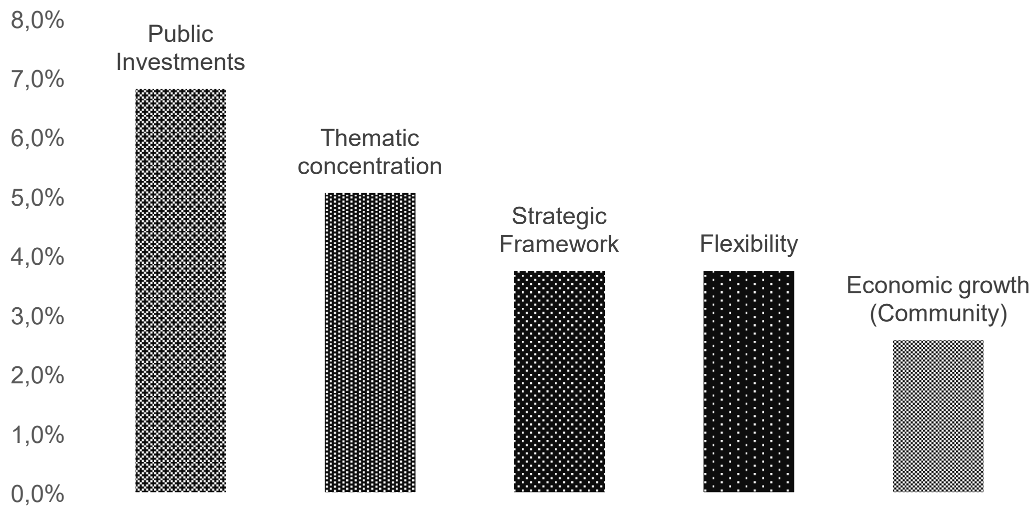

Figure 32. Commissioner Hahn's sectoral discourse, top five categories (%).

The tie between cohesion policy and the Europe 2020 strategy is also the subject of the "strategic framework" category (3,8%). According to Hahn, "Europe 2020 and cohesion policy" "there is no conflict" (19APR11_HAHN, 44, 47, 8OCT12_HAHN, 16). Moreover, "Thematic concentration, conditionality and more results based on quantifiable targets, milestones and relevant data will also help us to sell this important policy better" (8OCT12_HAHN, 26). Flexibility (3,8%) is mainly presented as a corrective to the centralism of the European Strategy: "thematic objectives proposed are broadly defined provide flexibility for Member States and regions to define the mix of interventions which deliver the specific objectives set in their specific context." (24NOV11_HAHN, 35, 31MAR11_HAHN, 40, 19FEB10_HAHN, 12, 22NOV11_HAHN, 28). At the same time, however, "cohesion policy can also be a valuable instrument to tackle unforeseen problems as they arise" (16JAN11_HAHN, 8-9): hence, flexibility is a "combination of top-down guidance and bottom-up priorities" (24NOV11_HAHN, 24). Finally, "economic growth" is also in Hahn's sectoral discourse the main objective of the European Strategy: "Europe2020 is about setting priorities for improving Europe's growth perspective" (31MAR11_HAHN, 32). In this regard, "cohesion policy makes a valuable contribution to growth and jobs" (16JAN11_HAHN, 4).

3. 2013 cohesion policy reform: summary

The 2013 reform takes place in a completely different policy environment than the 1988 and 1993 reform. And yet there are analogies with the previous 1993 reform, that can be explained by the transformation of the European economic sphere. The sovereign debt crisis acts as a catalyst for these transformations, but the direction in which the economic sphere moves has its own inner dynamic that is left unscathed by the crisis. This clearly results in the arguments made by the Commission. As we have observed, there were many ways to conceptualize the crisis; the Commission, and especially President Barroso, decided to endorse a specific conceptualization: the one based on the "agency" of the debtor states. The answer to the crisis has mainly focused on stability-oriented policies, which are considered to be the direct answer to the predicaments of EMU. A residual role is played by growth-oriented policies, which are embodied by the MFF and cohesion policy. There is, however, the need to convince net-contributors member states, the victims of the instability of EMU, to contribute as generously as they did in the past to the EU coffers. The Commission, then, deploys two causal arguments. The "added value" argument, based on the subsidiarity principle, seeks to demonstrate that the supranational level is the best level to implement certain policies. The second argument is far more interesting: the EU budget, and cohesion policy accordingly, are the main instrument to create investments in less developed part of Europe; when you take out this redistribution, the "burden" of the stability-oriented policies is carried at its full weight by these Member States and their populations. While the Commission does not explore the political implications of this argument, we can still sense how sensible they are. On the other hand, if stability-oriented policies are used to justify growth-oriented policy, this also implies that the latter is conditional to the former: without stability, there cannot be growth. As we have seen, this is true from a theoretical perspective, with the "macroeconomic dynamic environment" argument, but the real weight of this argument is, once again, when it is a political argument: net contributors are disposed to help net recipients only if recipients are willing to accept stability and its practical consequences. There are two consequences to these two arguments. First, when compared with the 2007-2013 cohesion policy, as discussed in the first chapter, the ties between cohesion policy and the current European strategy are even stronger. This is shown both by the increased relevance of the sectoral discourse, which is by far, the most relevant discourse within the Commission. It is also shown by the contested thematic concentration provision, which is strenuously defended by the Commission. The strive for coordination that ensues from the need to demonstrated the added value justifies a sectoral-based approach, in contrast with the place-based approach that was initially proposed by Barca (Mendez 2013). The added value argument also operates when we consider performance-oriented turn that cohesion policy takes with the 2013 reform: especially when considering the ex-ante and ex-post conditionalities. The second most relevant discourse is the one on stability. This is congruent with the introduction of the macroeconomic conditionality provision. Macroeconomic conditionality is fully justified when considering the way in which the Commission construed the link between stability and growth: there can be no growth without stability, as the sovereign debt crisis demonstrates, cohesion policy assistance cannot be granted if the growth it promotes does not take place in a stable macroeconomic environment. In this way, the 2013 reform makes two important institutional developments. On the one hand, it brings to maturity ideas that we observed *in nuce* in the 1988 reform — the macroeconomic dynamic environment — and fully developed in the 1993 reform — the macroeconomic conditionality attached to cohesion fund. At the same time, it extends the scope of these ideas, now affecting the whole policy. On the other hand, the cohesion policy original ethos is, in a way, diminished in its scope. In 1988 cohesion policy served as a policy to create endogenous development. Member states were involved in decision making, but the most distinctive feature of the policy was the direct link between the Commission and the regions, especially in the implementation phase. This aspect is still present; however, the "place-based" approach must find its way to be compatible with the prioritization of policy goals that are identified as part of a European strategy; moreover, the interplay between states around EMU is now something which directly affects regional decision, while regions cannot but passively accept this state of affairs and the (Jouen 2012). When considering the 1988 argument that cohesion policy was a way to increase democratic participation in the EU by involving the regions in its decision-making, we can fully appreciate the distance traveled by cohesion policy in its reforms.

Conclusions

In this research, I pursued two distinct aims. The first one was to understand how cohesion policy changed throughout the years and which aspects of this policy could better capture this transformation. The second aim was to understand the meaning that key actors attributed to the transformation they pursued during the reform process. The main assumption was that a relationship between the two existed and that I could, at least, test if there was a congruence between the two.

Concerning the first aim, I started the investigation by looking at which aspects of cohesion policy best captured my interest. I found, at the beginning of my research, that macroeconomic conditionality was a curious output, even if understudied, of the recent 2013 reform. I searched in the literature for some possible explanation of this decision, which was an instance of political conditionality. I found out studies that explained this sort of conditionality in the context of EMU; other studies explained it by considering the relation between the EU budget and other aspects of the EU regulation. What the literature suggested was that macroeconomic conditionality was part of something bigger, an ongoing phenomenon that started decades before. These studies also allowed me to select the theoretically relevant dimensions to investigate and explain the institutional change of cohesion policy. What I found out was that:

A) eligibility criteria of cohesion policy have become more restrictive as an effect of the enlargement.

B) The pattern of redistribution that cohesion policy operates has changed throughout the years, but in the three reforms considered (1988, 1993 and 2013) it remained slightly less than proportional to the average GDP, making it a redistributive policy.

C) The number of conditionality provisions has increased almost steadily through the years.

For what concerns the concept of "inter-territorial solidarity," this showed that cohesion policy has become in a sense more restrictive towards the older beneficiaries, but it has remained a policy that operates a significant redistribution across Europe. On the other hand, the increasing number of conditionality provisions has created more coercive governance administered by EU institutions such as the EU Council and the Commission. These developments were, in more than one sense, contradictory when considering some of the original cohesion policy features:

a) the strive towards decentralization and the creation of the multi-level governance that created a direct relationship between the Commission and the regions.

b) Whereas the original cohesion policy concealed the redistributive patterns among the Member States, and hence, their political and economic asymmetries (Van Middelaar 2013), the reformed cohesion policy created institutions that made these asymmetries recognizable.

To understand this transformation, I needed to understand the meaning that the actors involved in the reform attributed to the reform itself. To do this, I first selected three episodes that were theoretically significant to understand this transformation. I followed the explanatory typology elaborated by Dyson (2014), in which the Maastricht Treaty (1992) and the sovereign debt crisis (2011) are considered events that transformed the relations among the Member States from a qualitative perspective. Hence, I selected the 1988, 1993 and 2013 cohesion policy reforms as case studies to understand the relationship between how cohesion policy changed and the meanings the actors involved attributed to these changes.

In order to analyze these meanings, I started to look into the literature concerning discursive institutionalism to understand the relation between ideas/discourse and institutions. Thanks to discursive institutionalism, I was able to find a framework that explained how different parts of a discourse combine, and how those are related to political decisions. Thanks to the ideational literature, I was able to identify four discourses that could be influential in the reform process, and I discussed which policy issues and policy positions were going to be part of each of these discourses, following the substantive knowledge present in the literature. I then identified in the public speeches made by relevant actors within the Commission the ideal support for the analysis. After having collected the speeches available at the Archives of the European Commission, I was able to put together a database composed of 93 speeches, divided into almost equal parts between the 1986-1988 period, the 1990-1994 period and the 2010-2013 period.

The results of speech analysis show that there is a congruence between the salience of certain discourses present in the actors' speeches and the selection of policy instruments and policy goals under the dimensions that were relevant from the theoretical perspective I decided to investigate. More specifically: the 1988 debate followed the 1986 Single European Act; the main policy issues were the industrial decline and the low economic growth of the Community. Cohesion policy was conceived as a way to allow less-developed regions to compete in the Single Market, and to make regions, in general, better suited to adjust to the ongoing market integration. From this perspective, it made sense to concentrate and distribute more resources to the areas that would benefit the less, or even worsen their relative situation, from market integration. This aspect is congruent with the less-than-proportional allocation of the funds in relation to the average regional GDP, which shows that the policy was a good redistributive instrument. On the other hand, the Single Market was characterized as a Pareto-efficient innovation for the Member States, especially by the EC President Delors. Under these circumstances, cohesion policy was presented as "politique d'accompaignement" to the Single European Act to create equal possibilities for the regions to compete in the Single Market. Since the parts involved in this agreement were considered substantially equal, there was no sign of political conditionality, especially not macroeconomic conditionality. The existing conditionality, such as monitoring and evaluation, pointed in the direction of effective implementation. Accordingly, both the solidarity and the place-based discourse were the most relevant discourses during the 1988 reform.

The 1993 debate followed the 1992 Treaty of Maastricht. The years preceding the Treaty attested a steady growth that improved the outlook of the European economy. However, during the Maastricht Treaty negotiation, tensions between the Member States emerged. A first political division was the horizontal one, between the net-contributors and the net-recipients Member

States, due to the distributive aspects (burden-sharing) of the Maastricht project and EMU. Simply put, the increased economic interdependence also required the less developed Member States to make structural adjustments to converge with the wealthier Member States. The Commission was going to support the former in this effort, but this required that the Community had available increased financial means. In turn, this implied that the Member States, especially net-contributors, had to put more money in the EU coffers. The second political division was the vertical division between those who wanted more integration at the supranational level versus those in favor of keeping the traditional nation-state as autonomous. It was primarily the first division that influenced the 1993 debate. Whereas the 1986 Single European Act reform did not require any particular long-term political commitment, the 1992 EMU project did. This shows in the 1990-1994 debates, where, as we have observed, the stability discourse became far more relevant, along with a growing division between the "net-contributors and net-recipient Member States." To safeguard the political commitment, the regulation attached to the cohesion fund firstly contained a macroeconomic conditionality provision, at the time linked to the Maastricht convergence criteria. This finding is interesting from a theoretical perspective: as we have discussed, the stability discourse was particularly developed in the case of Commissioner Schmidhuber, who was responsible for the creation of the Cohesion Fund. Schmidhuber presented arguments in favor of stability-oriented policies and in support of political conditionality well before the 1993 reform, as we observed in chapter five.

Finally, the sovereign debt crisis was the main policy issue that the Commission had to confront in the run-up towards the 2013 reform. Cohesion policy was considered, since the beginning of the crisis, one of the instruments the Commission could use to provide financial relief to the financially distressed Member States. For what concerns the economic sphere, this has changed drastically from 1988, but the difference with the 1993 reform was one in degree and not in kind: the horizontal divisions between net-contributors and net-recipients within the EMU framework had become just more intense than it was in the past. As we have observed, the key actors within the Commission discussed the behavior of the indebted Member States in terms of "harm" to the creditor Member States. The tensions were particularly strong in the budgetary arena. In this climate, the Commission presented the stability of EMU as conditional to the public investments that had to be made to bring Europe out of the crisis. This, in turn, made justifiable the extension of macroeconomic conditionality -- already provisioned for the Cohesion Fund -- to the entirety of cohesion policy. At the same time, to justify the budgetary increase in times of austerity, the Commission argued in favor of "result-oriented" cohesion policy. This created the conditions for even more conditionality, in line with the linear increase of this attribute I discussed in chapter four. A second urgent policy issue was that of the social exclusion and the high unemployment the crisis had contributed to creating. In the debate, I have observed an increasing relevance of social inclusion, which is congruent with the increased "redistribution" capacity of the Structural Funds I observed in chapter four.

To sum up, during the period considered, cohesion policy has transformed, from a policy that was an end in itself to a policy that is in part instrumental to the objectives related to EMU. This transformation had affected the EU fundamentally when we consider the increasing conditionality, and especially macroeconomic conditionality. At the same time, the use of cohesion policy to pursue the objectives of European Strategies, such as EU2020 and the Lisbon Strategy had opened the possibility to pursue objectives different from the traditional objective of economic convergence. The other event that affected cohesion policy institutional development, from the perspective of EU solidarity, was the first Eastern European enlargement. For what concerns the public debate on cohesion, we have observed the growing relevance of the arguments based on the idea of "stability," which reveals how the ties between cohesion policy and EMU have become increasingly stringent. This also shows that the actors in the Commission were conscious of these transformations and that their discourses were in large part consistent with the direction that the reforms have taken.

This research also allowed me to create and test an analytical framework that can be used in exploring the possibility that ideas, in the form of specific discourses, can actually determine the substantive output of a policy reform. The congruence test I adopted allowed me to test the hypotheses, implicit in the causal model I outlined in chapter three, that certain discourses are a necessary condition for the reforms. In other words, every reform is preceded by a debate in which the actors discuss cohesion policy, its nature, its function, its procedure, and its future objectives. These debates are highly consistent with the output of the reform, each time. For what concerns the sufficiency of ideas, a better analysis of the causal mechanisms through process tracing is required in order to provide further insights; in this sense, the research design does not allow to make general claims about causality. Nevertheless, the research offers some insightful clues on this aspect too. In particular, we have observed a political division within the Commission during the 1990-1993 period between the EC President J. Delors and the Commissioner for the Budget P. M. Schmidhuber. This division, which was made explicit in Schmidhuber's speeches, concerned the nature and the entity of the EU budget. According to Delors, the budget had to evolve in the direction of a federal budget; according to Schmidhuber, the budget had a different function. The division between the two was also ideological: while Delors was in favor o a place-based solidaristic cohesion policy, Schmidhuber was in favor of a policy supporting the stability of EMU. It could be not a case, then, that the Cohesion Fund, which was under the responsibility of the Commissioner for Budget during the 1993 reform, had a different policy design from the other Funds that were part of cohesion fund. In particular, macroeconomic conditionality. While this finding cannot, *per se*, prove the sufficiency of ideas in the making of cohesion policy, it is still a strong clue that could orient future research on this subject.

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Appendix A - Independent variable

1. Data collection

The analyses performed in the last three chapters are based on an original dataset of speeches delivered by Commission key actors in the period before a cohesion policy reform. In the next few paragraphs, I will outline the explicit criteria I used to gather the relevant data to the answer the research questions. I will then describe the data collection and discuss its exhaustiveness.

The dataset on public speeches: data collection

In chapter three I have provided a rationale for the choice of the President of the European Commission and the European Commissioner for Regional Policy as the actors whose speeches are critical to understanding the decisions made during the reform process. In the same chapter, I have identified the three major cohesion policy reforms to be included in the analysis: the reforms of 1988, 1993, 2013. The reform process itself is concluded after the European Parliament and the EU Council jointly adopt the new legal framework nonthat all the Structural Funds will share. This formal act is therefore used to establish the end of the reform process. Whereas the end of the reform process can be regarded as wholly uncontroversial, the beginning of the reform process is not. Formally, the reform process starts when the European Commission submits a "Proposal for a Regulation of the European Parliament and of the Council" laying down the common provisions on the Structural Funds. Such proposal, however, is influenced by the previous Commission's proposal on the Multi-annual Financial Framework (MFF), which defines the means that will be used to finance cohesion policy. The MFF, in turn, is arguably influenced by the adoption of a European Strategy (Mendez 2014) or by the decisions taken during previous intergovernmental conferences (Bachtler and Michie 1994). Coherently with the aims of the research, I argued in chapter III that a three-years time-span is sufficient to observe the process of formation and dissemination of the ideas that inspired the reform. Hence the data collection covers, for each reform, a period of three years that ends up with the co-decision by the EP and the EU Council of the Common Strategic Provisions for the Structural Funds.

Once defined the dataset parameters, I gathered the data. Public speeches of Commission officials are collected by the Historical Archives of the European Commission under the Office of Infrastructure and Logistics in Brussels (OIB). The more recent speeches (1999-2017) are then made available online on the European Commission Press Release Database. For what concerns the speeches made from 1952 to 1999, they are available for consultation in the reading room of the Archives. The formal criteria that underpin the two collections are also different, according to the personnel of the Archives. In recent years a rule was introduced so that the Commissioner's staff is required to collect every official speech delivered to make it available to the European public. Past collections are far more eclectic since in the past there was no formal requirement concerning speech collections. The primary source, then, are private archives that donate their collections to the European Commission for research purposes. I will take into account this aspect when discussing the exhaustiveness of the dataset.

Following these considerations, I collected the 2010-2013 speeches by using the European Commission Press Release Database. The data collection for the 1986-1988 and the 1991-1993 period was instead made at the OIB Historical Archives. Starting from the 19th to the 22nd December 2016 I collected every speech available for the key actors considered under the formal supervision of the Archives personnel, whose help has been precious.

Data selection criteria

Once completed the data collection preliminary phase, I had to circumscribe the speeches to be included in the database according to my substantive research questions. As described in chapter three and two, I am mostly interested in the institutional development of cohesion policy in relation with both the EU social and the economic sphere. Such themes are usually present in the speeches made by the European Commissioner for Regional Policy, at least in some measure, since the reform of cohesion policy is, by far, her most salient activity. Speeches focused on policies with a limited sectoral or geographical impact are the exceptions. Take, for instance, the

EU Strategy for the Baltic Sea Region or the Northern Ireland PEACE programme: while their specific purpose is undoubtedly salient, their contribution to the general economic or social policy is weak at best. Therefore, I excluded from the analysis the speeches that focused on analogous themes. When looking at the speeches made by the President of the EC, the situation is different: even though cohesion policy has been characterized by the Commission itself as "the EU's main investment policy" (EC 2016:1), it is but one among many other supranational policies the Commission is supposed to take care of. Hence the need to establish some criteria to exclude those speeches which are patently irrelevant to the current research. The general criteria I used to select the President of the EC relevant speeches are 1) the economic and social policy and their mutual relationship being the topic of the speech and 2) cohesion policy being discussed in relation to the economic and social policy. I was able to determine their relevance by translating these criteria into a quantitative summary indicator. I made the first selection of speeches, based on the title of the speech or its summary, in which I determined whether if they were consistent with the first criterion. Then, I searched each document to find if four key-words were present: "cohesion+policy," "regional+policy," "conditionality" and "structural+funds." I gave each document a score from 1 to 4, according to the number of single keywords that were present, and I discarded every document scoring less than 2. This allowed having a selection of documents that are thematically uniform and that are relevant for what concerns the research questions. The selected documents varied sensibly for what concerns their length. This variation created further problems: in shorter speeches, elements that are relevant to my analysis were left aside in favor of an oversimplified version of their typical arguments. Therefore, I decided to adopt a third criterion: 3) speeches that are below 1500 words are excluded from the analysis. The final set of speeches included in the analysis is displayed in table 2 at the end of the appendix. As table 1 shows, the final dataset includes 79 speeches adding up to 235'000 words. It is composed, on average, by 12 speeches per actor (35'000 words). There is variation across groups: the average number of speeches is higher for the EC presidents (15 speeches, 46'000 words on average) than for the commissioners (8.5 speeches, 28'000 words on average). However, this variation proved to be useful: as already argued, the Commissioners' speeches are usually much more focused on the themes of interest, while the EC Presidents' usually are more heterogeneous. Even when they are mostly focused on the relationship between the economic and social policy, they typically consider how the economic and social policy can impact on other policies I am not interested in, such as foreign aid policy or common agricultural policy. Hence, a larger number of speeches can be balanced by the fact that a more significant part of the speeches is not about the themes of interest. The same reasoning applies to the case of the Regional Policy Commissioner Alois Pfeiffer and Peter M. Schmidhuber, who succeeded to him after Pfeiffer passed away in 1987: during the 1985-1988 period, the Commissioner who was in charge of the Regional policy, was also in charge of the economic affairs and the Statistical office. Interestingly enough a second Commissioner, Grigoris Varfis, was in charge of the "coordination of the Structural Funds" during the same period; his main task was the management of the integrated Mediterranean programmes, while it was definitely Schmidhuber who took care of the Cohesion Policy reform in this period (Commission 1987: 7).

	Period	Role	No. Speeches	No. Words
Alois M. Pfeiffer	1985-88	Commissioner	4	10873
Peter M. Schmidhuber	1985-88	Commissioner	11	43688
Jacques Delors I	1985-88	EC President	14	45320
Jacques Delors II	1990-94	EC President	12	43963
Bruce Millan	1990-94	Commissioner	6	19212
Peter M. Schmidhuber II	1991-94	Commissioner	18	46150
Josè M. Barroso	2010-13	EC President	19	49866
Johannes Hahn	2010-13	Commissioner	13	23709
Total			97	282781
Average 1985-88			9,666666667	33293,66667
Average 1990-94			9	36441,66667
Average 2010-13			16	36787,5
Average EC Presidents			15	46383
Average Commissioners			8,5	28726,4
Total average			12,125	35347,625

Table 16. Summary of the data

For what concerns the variation across different reform periods, table 1 shows that the variation is less stark than that among actors. While the total average is 35'000 words, the average for each period range from 33000 (1985-88) to 36'000 words (2010-13). This homogeneity is important since the analysis employs the three distinct periods as case studies. The aim to study possible analogies between the three, especially in terms of trends, what changed and what did not, requires that the variation on this dimension is small to none. If, for instance, one of the three periods was shorter than the others, there could be doubts about the capacity for the analysis to adequately capture the ideas that circulated at that given time.

Once the documents that are relevant for the analysis were selected, I needed to prepare them for the analysis. This task, apparently trivial, is anything but since most of the documents were in a different language from English and they were not in a digital format. The task consisted of two distinct operations. I needed first to put the documents in digital format: only speeches from the 2010-13 period, in fact, were already digitalized. The other documents needed to be digitalized with optical character recognition (OCR) scanner, so to be modifiable and transportable on the software I used for the coding. To perform this operation, I used ABBYY FineReader, which can linguistically recognize German and French texts. Since many of the fonts used are not standard fonts and depending on the document's legibility, it was impossible to have this operation fully automated; hence, the manual grammatical correction of large portions of the documents was required.

The final operation was to translate the German and French speeches by Alois Pfeiffer, Peter M. Schmidhuber and Jacques Delors. 48 out of 93 speeches were either in German (25) or French (23), mostly distributed between the 1986-88 and the 1990-94 period. A first raw translation was obtained thanks to google translate; then, I manually checked for lexical and syntactical errors. I then submitted a sample of these translated documents to a C1 German speaker and checked with him the final translation. After this, the documents were ready for the coding.

2. Coding

In chapter three I have described the basic elements of the coding process and discussed them in relation to my research questions. Here, I will explain more in detail the basic operations I performed, the practical problems I encountered and the way I solved them.

The coding was performed by using MAXQDA 12, a software employed in social science to carry out content analysis of textual documents. The first step in the analysis is to create a dataset that arranges documents according to substantive criteria: in my case, the actor making the speeches. The coding consists of selecting variable portions of the document and in attributing them a code.

A relevant feature is the possibility to attribute different codes to the same text segment. This feature was extensively used in my analysis, since every quasi-sentence was coded two times, following the two distinct coding schemes that I described in chapter 3. Since a substantial part of coding is to circumscribe the coding unit correctly, I adopted a slightly different version of the quasi-sentence that is in use in the Manifesto Research Project (MRP). In the MRP, the quasi-sentence is defined as "one statement or message" can either correspond, be longer or shorter than a sentence (Werner *et al.* 2015: 5). As discussed, to only consider such "messages" o political stances would not serve well my research, since a large part of it concerns the theoretical reasoning that underpins the key actors' political stances. Quasi-sentences in MRP can be expressed as sentences such as "I am in favor of fighting inflation": this sentence contains a single statement against inflation. When, instead, the statement is "I am in favor of fighting inflation to help the consumer," we can separate that statement in two different quasi-sentences: "I am in favor of fighting inflation" and "I am in favor of helping the consumer." However, the PMR still considers the two as one quasi-sentence, and establish the rule that "goals usually take precedence over means when assigning codes." This stance is entirely justified by the substantive research agenda that gave place to the PMR in the first place: that of identifying the policy positions of political parties. Budge *et al.* (1987) argue that, during an electoral campaign, there are instances where a political party will focus on the means through which it realizes its objectives; more often than not, however, the main focus is on policy goals rather than instruments. This is different in the context of the European policy-making. As I discussed in chapter three, these speeches take place in a coordinative arena: the recipients are actors who are involved in the EU policy-making and even in the decision-making — in particular the European Parliament, the European Committee of the Regions and the European and Economic and Social Committee. Hence, the means through which realize a policy goal do matter to a great deal. When the actors put the emphasis on the means rather than on the policy goal, the policy instruments took precedence over policy goals.

Public speeches made by policymakers are also hosts to many statements which can be described as "theoretical" or even plainly "descriptive." Differently from the political stances the PMR is mainly interested in, and which can be described as "normative" or "prescriptive," these statements are rooted in facts, or they consist in theories that, ultimately, can be proven or disproven by facts. An instance of this is the statement "economic divergences are caused by agglomeration phenomena." Hence, there are mainly three types of I will consider in the analysis to identify quasi-sentences:

1. Prescriptive statements are quasi-sentences which can be rephrased as "We want to do this."
2. Descriptive statements are quasi-sentences that describe a state of the world and that can be rephrased as: "the current state of affairs is characterized as such."
3. Causal statements are quasi-sentences that ascribe an existing state of the world to an antecedent state of the world, or that bridge together two hypothetical/counterfactual states of the world. They can be rephrased as: "the phenomenon A is caused by the phenomenon B" or "if the phenomenon A is present, then the phenomenon B will occur."

In practice, the operation I made when creating a quasi-sentence was to identify a statement by (mentally) rephrasing it so to fit one of the three categories above. Once a quasi-sentence is recognized, it is possible to code it.

3. Creation of the coding scheme

In chapter three I discussed the two distinct coding schemes I decided to employ in my analysis. I also described in detail the first coding scheme which is based on the prognostic/diagnostic dichotomy. As discussed in chapter three, the second coding scheme had to provide a map of the arguments that the policy-makers used in presenting their stances about cohesion policy reform. Once again, these arguments had to take into account not just policy prescriptions and their substantive contents— i.e., what to do in concrete about cohesion policy — but also the facts — i.e., descriptive statements — and the theoretical reasoning — i.e., causal statements — that led to that conclusion. Since this was the aim of the coding scheme, the best way to proceed to build it was bottom-up: the coding scheme had to represent the arguments adopted during the three reforms. At the same time, this inductive strategy had to be not too narrow: the objective was not just to grasp each reform individually, but to understand the whole reform process. Hence, when creating the categories I needed to orient myself in between two pitfalls. On the one hand, an idiographic approach would result in a coding scheme de facto composed of three distinct coding schemes, each one able to explain but a single reform.

On the other hand, to indulge in the opposite approach by creating generic categories would lead to dismissing as redundant elements that are extremely relevant in the context of this research. For instance, as chapter V shows, EU officials referred in 1988 as for the goals of cohesion policy both to economic convergence and to economic and social cohesion. While in that context they are almost interchangeable, in 2013 the talk about economic convergence is dropped and they only refer to economic and social cohesion. The coding scheme, then, needs to keep the distinction between the two concepts, since they are not the same thing; at the same time, the "social and economic cohesion" category needs to be based on a definition that can accommodate both the 1988 and the 2013 uses of that concept.

In practical terms, what I have done to take into account these issues was to create the categories while analyzing the speeches. I started the analyses with a small sample consisting of five speeches per period and I coded it while creating the categories that would enter the coding scheme. During this first analysis, I tried to be as extensive as possible in creating new categories. In this way, I was able to create a raw coding scheme that was able to avoid the second pitfall: by allowing a large number of categories to be created, I was able to start with a very specific coding scheme. At the same time, the tactic to begin with a small sample comprising speeches ranging from 1988 to 2013 pushed me to reason in terms of the whole reform process, rather than having a narrow focus on individual reforms.

120 categories composed the resulting coding scheme. I then proceeded to code the entire corpus of speeches by using this extensive coding scheme — which became even more extensive as I added thirty more categories. This coding scheme was however much too broad to be considered a useful heuristic tool. In particular, the large number of categories would have resulted in an excessively low frequency for each category: as their number grew, their frequency tended to be equally proximate to zero. Hence, the second phase consisted of a compression of the analytical space: the number of categories was reduced by clustering many of them together. This operation should have been functionally equivalent to a factor analysis, such as the one performed by the

Manifesto Research Programme in the initial phases of their project (see Budge *et al.* 1987); the possibility to perform a factor analysis was not possible, since the low number of cases I had in the dataset and a large number of categories (150). Therefore, the whole operation was conducted in a fairly more artisanal way: after having decided what number of categories would have been manageable, I started to reduce their number. I employed two different strategies. The first one was, of course, to clump together two categories that conceptually were very similar, or that strictly implied each other. For instance, in the original coding scheme "enlargement to poorer states" and "structural issues" were two distinct categories; in the final coding scheme, the structural issues category includes the problems resulting from enlargement. This decision was taken after carefully reviewing the coded segments, and noticing that, when the enlargement was presented as an issue, it was because it created structural problems. The second strategy is closely related. Sometimes the clustering was not so neat: a category can include concepts that can be subsumed into two different categories. In this case, when the coded segments are coded again, it is necessary to put them in the appropriate category. The former "enlargement" category was defined in a way that included not just the perks, but also the advantages of the enlargement: the increased diversity among the European Member States as a wealth of new knowledge. Hence, enlargement segments were part re-coded as "plurality/diversity), part as "structural issues," according to the statement expressed in the quasi-sentence. In this operation, I was greatly aided by the software MAXQDA 12, which provides an overview of the coded segments on the whole dataset. In this way I was able, once again, to have some perspective on the entire reform process, thus being able also this time to avoid the pitfalls of either a too generic or narrow coding scheme. The ending result of this operation is the 79 categories coding scheme, divided into ten overarching macro-categories.

4. Coding scheme

In this section I will present each one of the 79 categories that composes the coding scheme.

1. Ideologies/Values/Theories

Neoliberal market as sufficient/correct method to allocate resources; methodological individualism. Also: market as an actor that has a legitimate voice in policy decisions; the T.I.N.A. paradigm.

Pluralism/diversity presence of a discordant point of views seen in a favorable light, the difference among Europeans as positive.

Solidarity in favour of sharing resources or a burden. Unconditional assistance to other European citizens / territories / states.

Agglomeration theory when trade liberalization occurs, economic activities tend to concentrate in already developed territories, hence increasing divergence.

Enlightened interests appeal to long terms economic/social/political benefits which are not of immediate fruition while suffering immediate costs; capacity to go beyond political partisanship to pursue the common good.

3. **Input legitimacy/Democracy**

Euroskepticism lack of popular support or popular opposition to European integration.

Regional participation (democracy) regions are involved in the European decision making as a way to increase democratic participation.

Democratic accountability appeal to increase democratic participation or appeal to provide more transparency in the European integration process. Stave off the "democratic deficit."

EP legitimacy European Parliament as an expression of the EU citizens' will. Involvement in the EU decision-making.

National parliaments legitimacy National parliaments as the expression of the EU citizens' will. Involvement in the EU decision-making.

1. **Intermediate sphere**

Political conditionality funds/aid are conceded in exchange for the acceptance of ex-ante/ex-post conditionality.

Political compromise appeal to political leaders or EU institutions to overcome divisions and reach a common position.

Net contributors vs. net recipients references to the implicit division among net contributors/core and net recipients/peripheral Member States

Juste retour Member states should receive back the money they put in the EU budget. Also: rebates and attachment to national interests in multilateral negotiations.

Benevolent compensation Member states that receive an immediate loss from an EU policy decision should be compensated so to minimize the "costs" of Europe.

Distributive policy cohesion policy should be aimed at redistributing resources among states and not at implementing supranational objectives.

Added value functional advantages that derive from the presence of a supranational policy.

Equitable budget contribution each Member State should contribute to the budget according to its capacities.

Generous budget the European budget should be further increased. Also: the European budget is targeted at giving substance to the concept of European solidarity.

Budgetary constraints the European budget should be reduced / reduction to the European budget that impedes to implement EU solidarity.

Budgetary discipline budgetary expenditure should be kept under tabs; providing the EU with a *sufficient* budget; adequate contribution (regardless of MSs fiscal capacity).

4. Governance

National control national sovereignty; re-nationalization of supranational policies.

Cooperation vertical cooperation (Community / state / regions ..) or horizontal cooperation (among member states or among regions).

Territorial cohesion a form of cooperation aimed at creating territorial continuity between territories that are separated by national borders; appeals to create functional coherence between European territories.

Subsidiarity the level of government closer to the citizen should exert all the functions its institutional capacity allows

. **Economic policy**

1. **Single market** favorable mention to the single market; four freedoms.
2. **Stability-oriented policies** favorable mention to policies aimed at creating stability in the Eurozone.
3. **Competitiveness** investments in productivity; tax reductions to increase competitiveness; competition as a means to increase economic wealth; competition as a need in the face of globalization.
4. **Austerity (positive)** to reduce states expenditures as a necessary financial measure; austerity as expansionary: expenditures' cuts boost economic growth.
5. **Austerity (negative)** budgetary cuts as recessionary. Negative externalities of austerity.
6. **Financial aids** financial assistance to member states in distress; initiatives "stimulate" the economy at the Community level (fiscal stimuli).
7. **Politique d'accompagnement** linkages between the Single Market or EMU with other supranational policy, such as cohesion policy, are presented as necessary.
8. **Public investments** the EU should use its budget to foster the real economy; Member states should be allowed to invest in their economy.
9. **European Strategy** favorable mentions to European strategies such as the Lisbon Strategy or EU 2020.
10. **Business-friendly environment / SMEs** the EU should favor the emergence of new entrepreneurial activities / should support the existing one, especially small to medium businesses.
11. **Economic and Monetary Union** argument on the creation and management of EMU.
12. **Political Union** EU should have political control over its economic space, EMU especially.

F. **Supranational policy**

1. **Regional policy (supranational)** arguments in favor of establishing a regional policy at the Community level.
2. **Integrated approach** synergies between different supranational policies to achieve a common goal.
3. **Strategic framework** cohesion funds are geared towards the objective of the European Strategy. More specific than the integrated approach category.
4. **Thematic concentration** cohesion funds are earmarked according to the thematic spending of the European Strategy.
5. **Regional involvement (policy)** need to involve regions in the European policymaking to gather useful local knowledge and capabilities.
6. **Industrial reconversion** use of funds to create economic activities in territories where industrial activities are declining.
7. **Partnership** mention to one of the cohesion policy principles; shared decision-making power between different level of government in designing supranational policies.
8. **Concentration principle** mention to one of the cohesion policy principles; cohesion policy expenditures should be concentrated in the laggard regions.
9. **Bureaucratic simplification** to simplify bureaucratic procedures for cohesion policy recipients; need to have simplified procedures at the supranational level.
10. **Additionality** mention to one of the cohesion policy principles; cohesion funds should not substitute Member States' national policies but to complement them.
11. **Programming** mention to one of the cohesion policy principles; the Commission and the national authorities negotiate the contents of each programme that will be implemented.
12. **Monitoring/evaluation** EU needs to monitor the correct implementation of cohesion policy programmes; EU needs to evaluate programme in order to establish whether if the implementation was cost-effective/had an impact.
13. **Efficiency / effectiveness** favorable mention to cost-effective policies; need to improve supranational policies in order to achieve their intended outcomes.
14. **Coordination** favorable mention to "soft" governance initiatives at supranational level, e.g. Open Method of Coordination

15. **Market-based instruments** favorable mention to financial instruments that are market based, e.g. European Investment Bank; favorable mention to mechanisms that can ensure market incentives for positive behaviors on policy recipients.
16. **Flexibility** need to have supranational policies flexible enough to adapt to changing circumstances; reprogramming of structural funds.

G. **Policy issues**

1. **Policy failure** burdensome policy legacies; anomic effects of past policy decisions; cost-ineffective or non-effective policies.
2. **Industrial decline** former industrial territories in disarray.
3. **Market failures** "market is not enough"; reference to monopolies, negative or positive externalities, the tragedy of the commons, insufficient production of public goods.
4. **Welfare state (crisis)** reference to welfare state failures or decline; retrenchment; financial unsustainability.
5. **Economic and social fragmentation** lack of economic and social cohesion; disruption of the social fabric following different policy issues (e.g. globalization).
6. **European integration (polity) (lack of)** mention to issues that are affecting the European integration in a negative way. E.g. empty chair crisis, "doldrums" era.
7. **Unemployment** persistent high levels of unemployment; youth unemployment; also eurosklerosis as a distinctive European issue.
8. **Structural issues** economic problems that are presents in different measures in different parts of Europe; issues concerning the different administrative capacity across different Member States; issues concerning different policy regimes for what concerns public expenditures, fiscal policies and deficit spending across different Member States; issues related to EU enlargement to Southern and Eastern European countries.
9. **Economic divergence** increasing economic divergence across different areas of Europe; different economic trends between peripheral and core regions.
10. **Sovereign debt crisis** inability to refinance government debt; excessive deficit spending

11. **Low growth / economic crisis** lack of growth from the real economy, for the whole Community; oil crises; low productivity affecting growth rates.
12. **Globalisation / trade liberalisation** integration of global markets that strains the national economies; integration of markets at EU level and strains on the national economies.

H. **Policy goals**

1. **Equal opportunities (regions)** all the regions must be able to compete on par in the single market; normal range of variation between levels of development.
2. **Endogenous growth** underdeveloped territories should be aided to produce autonomous growth based on their potential for development.
3. **Economic convergence** regions that have a slower economic growth should be aided so to allow them to catch up with regions growing faster.
4. **Economic and social cohesion** the EU should provide a level playing field for EU citizens to thrive in the Single Market (economic cohesion); the EU should take care of the negative externalities at social levels when a consequence of its policies.
5. **Economic growth (community)** need to promote economic growth at European level.
6. **European integration (polity)** favorable mentions to the integration process; favourable mentions to the European polity; appeals to unity.

I. **Social Europe**

1. **Concertation (EU level)** social dialogue at the EU level; favorable mentions to European social parts (e.g. ETUC).
2. **Social and market balance (social dimension)** need to counter the negative effects of market integration/trade liberalization with a social policy at EU level; social rights at EU level.
3. **European Social Model** "native" European Model of society, based on social rights coupled with the free market; need to preserve the national welfare state as part of the European Social Model.
4. **Social inclusion** EU should assist the severely deprived citizens / denizens; EU basic income

(universal basic income).

5. **Labor market participation** full employment; active labor market policies; fight against youth unemployment; promotion of female rights in the workplace.

A. **Inner Sphere**

1. **Communal institutions** creation or continuation of Common institutions / policies; positive references to Treaties.
2. **Inter-institutional disagreement** negative references to gridlock in negotiations; conflict between different EU institutions; conflict within an EU institution.
3. **Commission competence** Commission administrative capacity; need to give more powers to the Commission; Commission "epistemic" authority.
4. **EU council legitimacy** EU Council as the legitimate executive of EU; EU council as the legitimate legislative power of EU.

Appendix B – Dependent Variable

1. Empirical measures: ideal types and fuzzy-sets analysis

The building blocks: ideal-types

In chapter four I presented three semantic dimensions – eligibility, redistribution, and conditionality – that altogether can be used to conceptualize cohesion policy and to study how it has changed throughout the years. I referred to these constructs as ideal-types. According to Weber, ideal-types are akin to the concepts we commonly use in the natural language, inasmuch they are instruments apt to describe certain states of the world. Concepts, in this regard, are a necessary part of what constitutes an ideal-type. Differently from concepts, however, ideal-types are consciously crafted by the researcher in order to convey not just intuitions about a state of the world, but also what, in theory, the same state of the world could be or could have been. For instance, when a historian discusses the outcome of a military campaign, he would first determine the rational course of action given participants' sets of beliefs and the objective conditions; then he would introduce, say, irrational elements to explain why the actual course of action was different from the hypothetical one. On the other hand, ideal-types are value-neutral: what they do not convey is what a state of the world should be or should have been (Weber 2015). In other words, they cannot be used to make a normative statement about reality; their instrumental value is rather in making descriptive statements. In sum, an ideal-type is a heuristic device that defines the logical extent of a concept as inferred from "rules of experience."

Once the ideal-type is established as a theoretical construct, we can use it as a heuristic instrument to investigate reality. It could be to determine how much a state of the world corresponds to a pure type – is Italy an instance of market economy? – or how much a historical development has followed a "typical" trajectory – was the path from a feudal economy to a market one typical for Italy? Ideal-types can be used both to establish comparisons between different empirical instances of a similar phenomenon – was the development of Italy in the early modern era analogous to that in Russia – or to investigate a single case, which is what we will do in the case of cohesion policy in this chapter. At this point we have three dimensions that, as we have discussed in chapter three, can well capture the concept of inter-territorial solidarity; the next step is to understand what is the logical extent of these three dimensions. How, for instance, cohesion policy could have been more restrictive, concerning eligibility, in 1993? A logical possibility would be a policy so restrictive that no region would be allowed to have assistance under the structural funds. This, however, would be not realistic for obvious reasons. A well-crafted ideal type should take into account the objective possibilities that a given choice-situation entails: so it should take stock the viable alternatives that were present at the moment of the decision, and that have been discarded in favor of the actual choice. Or, in the words of Poggi: "there is more than one way of skinning a cat – but there are not *that many* ways" (2006: 35).

Ideal-types in social science: fuzzy-sets methods

Having figured out what an ideal-type is and where its heuristic value lies still leaves space for a considerable problem: how to turn ideal types into operational conditions? Ideal-types are commonly used in social science; therefore, there is, in general, a vast wealth of techniques to typify social concepts. Out of the many domains in social studies, the literature on welfare studies has been particularly attentive to ideal-types. Since the late fifties, welfare states have been distinguished between institutional and residual (see Kvist 2006 for a discussion on the existing literature), the former being characterized by universal and generous transfers, the latter by less conspicuous transfers targeted at deserving segments of the population. Since the mid-90s, starting with Esping-Andersen (2013), this dichotomy has been substituted with a typology composed initially of three different models of welfare state. The way in which this new typology was created was by adding the "accessibility" dimension to the one typifying cash-transfers; this new dimension typified how accessible social provisions were about their eligibility criteria. In this way, the characterization of welfare-states became orthogonal: different welfare-states were treated not just as different point along a continuum based on the volume of cash-transfers, but as “configurations of concepts” based on two different dimensions: how generous and how accessible the welfare state was (Kvist 2007: 202).

The same approach has been extensively employed and researched by scholars in comparative studies. Particularly relevant is the work of Ragin (2014, 2000), who has developed the “qualitative comparative analysis” method. Cases – in particular countries – are seen as configurations of causal conditions. Drawing from Mill’s method of differences and agreements, such causal conditions are logically minimized to obtain configurations of conditions that can explain the occurrence of a given outcome, in terms of sufficiency and necessity. What interests us, however, is not how QCA can produce such causal claims, but the way in which its causal conditions are operationalized. Concepts such as “democracy” are turned into dichotomous sets that can either assume the definite value “0” (absence, non-membership) or “1” (presence, membership) and that are not symmetrical. For instance, when a country is part of the set of “democracy,” it will assume the value “1”. However, when a country score “0” in the same set, this will not imply that it is, say, a “tyranny”: the value “0” means everything that is not a democracy. In 2000 Ragin returned on the method and developed a version of it which is based on fuzzy logic. Rather than having a dichotomous logic that discriminates between members and non-members, this new version allows theoretically to attribute a “fuzzy” membership: values of membership range from “0” (full non-membership) to “1” (full membership) while the in-between fuzzy value, “0.5” is associated to full non-membership and to full membership at the same time. Values from “0.5” to “1” are associated, in different degrees, to membership; values from “0.5” to “0” to different degrees of non-membership.

The ideal-typical reasoning we have discussed in the previous paragraph is integrated into this method with the process of “calibration.” The three thresholds – “0”, “0.5”, “1” – are used to decide memberships and relative degrees; the starting point, however, is raw measures that usually are not comprised between 0 and 1. To calibrate a fuzzy set, the researcher has to attribute to each one of these thresholds a value; each value answers to a theoretical question. If, for instance, we consider the Democracy Index by the Economist Intelligence Unit, we will have 167 country cases arranged between 1 and 10. Starting from which value can we consider a country democratic? The answer to this question will allow us to set the “0.5” threshold, which is immediately below that value. The "1" threshold is trickier: the democratic index classifies empirical cases, but the ideal-typical reasoning is not limited to existing cases. Rather, we should consider "democracy" as a pure logical construct. This threshold should be set up to a point where the concept of democracy reaches its most perfect consistency conceivable. The same for "0", which indicate the absence of democracy in ideal terms.

Kvist (2007) has applied the fuzzy-sets method to the typology originally developed by Esping-Andersen. The original typology has been integrated with a third dimension, "obligations," which measures how much the regulations attached to social provisions, such as unemployment policies, have increased over time. Employing fuzzy-sets analysis, Kvist was able to obtain quantitative measures of the changes over the three dimensions. The three dimensions in Kvist's research – accessibility, generosity, obligations – served as a model to characterize the cohesion policy in the current research. Of course, the way in which he characterized the three dimension is not immediately portable to cohesion policy, insofar both the rationale and the instruments are not that of a social provision scheme. In the next section, we will discuss while keeping in mind the ideal-typical reasoning, how these dimensions can be tailored to describe how cohesion policy changed.

2. Turning concepts into fuzzy-sets: eligibility, redistribution, and conditionality

The calibration process, as discussed, consists in turning raw measures into continuous variables with values ranging from 0 to 1, with a "crossover" value at 0.5. The operation can be performed by using the software FSQca[11], once established the "0", "1" and "0.5" thresholds. In the next paragraphs, I will discuss how I attributed the thresholds for each one of the dimensions that are part of the cohesion policy ideal-type.

[11] http://www.u.arizona.edu/~cragin/fsQCA/

Calibration of the data on eligibility

In the case of the eligibility dimension, we will use, as raw measures, the "adjusted" eligibility criteria that we have already discussed in chapter three. The threshold setting is based on an ideal-typical approach: thresholds serve as qualitative breaks allowing us to distinguish between full membership, full non-membership and the "fuzzy" value which is associated with both. We also need to keep in mind that the eligibility dimension empirically measures the accessibility of cohesion policy: the more inclusive the 75% criterion is, in relation to the economic circumstances of the single regions, the more the policy is accessible.

The "1" threshold establishes the full membership to the eligibility (in the sense of "accessible") set: the more accessible cohesion policy is, the closer to the "1" threshold. What is the "raw measure" value corresponding to the "1" threshold? In chapter one and four we discussed the "statistical effect": if a territorial enlargement lowers the EU GDP and the eligibility criterion (the 75% criterion) is not adjusted accordingly, "original" objective 1 regions risk to lose their status only on statistical grounds. Hence, the lower the EU GDP as a consequence of the enlargement, the less accessible is the policy and vice versa. Since the "1" threshold represents the most accessible eligibility criteria can get, we are talking about a hypothetical cohesion policy where the 75% criterion is adjusted to an "enlargement" that would make the EU sensibly richer. To obtain this value, we can look at the 1988 average per capita GDP of the Community in the absence of Spain and Portugal. Given the fact that the EC documents of the time considered the "Mediterranean enlargement" in 1985 as one of the motives justifying cohesion policy (Padoa-Schioppa 1987, Cecchini *et al.* 1992), it seems plausible to consider how the policy should have been adjusted in the hypothetical situation in which these two countries never accessed. In this event, the EU per capita GDP would have been sensibly higher (in 1988 figures, 11181,91 € instead of 10615 €); the 75% threshold should have been adjusted to 71.20% and in the absence of this adjustment, the policy would have been far more "accessible" (by 3.8% percentage point). Hence, 0.7 (70%) is the value that corresponds, in our calibration, to the "1" threshold.

The "0" threshold establishes the "full non-membership" to the eligibility set: the less "accessible" cohesion policy is, the closer to the "0" threshold. From an empirical perspective, we discussed how Eastern Enlargement had made the policy "less accessible" to "original" objective 1 regions due to the so-called “statistical effect.” Accordingly, we can argue that the lower the per capita average EU GDP becomes after a territorial enlargement, the “less accessible” the policy is as a consequence. What is the “raw measure” that can correspond to the “0” threshold? To answer, we can start by considering the hypothetical event in which, in 2004, also Romania, Bulgaria, and Croatia accessed the EU. Such an event would have been, by far, the largest enlargement possible at the time. Because the accession of these three countries followed in a very short time, we can reasonably argue that this event was an “objective possibility” at the time. In this event, the 75% threshold should have been adjusted to 90%. Therefore, the “0” threshold is set at 0.9. Finally, “0.5” is the threshold that distinguishes membership from non-membership. In QCA lingo it is also called “fuzzy” score since cases with a 0.5 score should have features associated both to full membership and full non-membership at once. In the case of cohesion policy, the 75% criterion is the criterion distinguishing more accessible criteria (e.g., 1993) from less accessible (e.g., 1999). Therefore, the “0.5” threshold is set at 0.749, slightly below the 75%, and can be used to distinguish fully “accessible” eligibility criteria (1) from less accessible eligibility criteria (0).

Year	Eligibility
1988	0.5
1993	0.6
1999	0.1
2006	0.32
2013	0.48

Table 17. Eligibility dimension, fuzzy values.

Redistribution: data collection

In order to create the redistribution condition, I first needed data on funds expenditures broken down by NUTS II regions. There are, to this day, no unified official EU datasets on Structural Funds. The reason is simple: while allocation on national basis are contained in the Common Provision Regulation (CPR), which is a legal document published on the Official Journal of the

European Union, the actual breakdowns of the funds by NUTS II region are made through Decisions by the European Commission, which are not published in the Official Journal. Consequently, finding information on the actual regional allocations can only be expedient. In their analysis of the impact of the Structural Funds on objective 1 regions, Rodriguez-Pose and Fratesi (2003) have collected data from 1988 to 1999. For what concerns the 1999 allocations, data was published on the Commission website and it is easily retrievable. Luckily enough, the same goes for the 2006 and 2013 allocations. For what concerns the 1993 reform the two researchers have used data published in the 1998 annual report on cohesion policy. I used the information available on the report in combination with data published on older Inforegio magazines, which are available online, and found data for the 1999 reform. For what concerns the 1988 reform, the situation is different. In their research, Rodriguez-Pose and Fratesi have used the ERDF data broken down by Member State to cover the 1988 period. Luckily enough, the Commission has recently published online the archive of Inforegio newsroom. Between 1990 and 1991, the Commission used Inforegio to divulge the exact quantity of structural funds Objective 1 regions were entitled to during the 1988-1993 round. This allowed me to have data on the 1988 reform broken down by NUTS II regions.

The NUTS nomenclature creates another problem. Regional denominations have extensively changed in the last thirty years. In some cases, regional systems were not in place when the funds were firstly distributed. Such was the case of Greece, Portugal, and Ireland between 1988 and 1999. A similar situation occurred in the Eastern European States when they first became members in 2004 and 2007: while NUTS II regions existed as statistical units, the regional administrative capacity was lacking, so that national OPs were preferred to a regional distribution of funds. In such cases, I applied the following: when regional allocations breakdown could be not available because of institutional reasons (e.g., a regional system was not in place) I assume that funds were equally distributed among regions. This assumption, of course, can overestimate or underestimate the effective regional spending taking place in those regions. Nevertheless, by deciding not to consider these regions, would subtract some of the most interesting cases from the research. Moreover, similar pragmatic assumptions are used in public finance studies when the exact regional breakdown is not available (see Rodriguez-Pose and Fratesi 2003, Mohl and

Hagen 2009).

Calibration of the data on redistribution

In the case of the condition on redistribution, the calibration process is made easier by the fact that the correlation index we used already have qualitative breaks (see table 10, chapter four). The coefficient is associated with three different "qualities" of correlation. When the coefficient is "1", there is a perfect positive linear correlation: when one variable increase, the other variable has the same increase. On the other hand, when the coefficient is "-1", the linear correlation is negative: at the increase of the first variable, the second variable decrease at the same rate. Finally, when the correlation is "0", there is no correlation; the points are dispersed. Given the fact that the spatial formal equality dimension is intended to measure a negative correlation between income and funds' expenditure, the full non-membership threshold for progressivity in distribution is set at "-0.5". When there is a positive correlation between the two variables, the distribution of funds is not progressive: in this case, in fact, as the average per capita GDP gets higher, the regions receive in proportion a higher share of funds (cf. Steinle 1992). As such, the "0" threshold is set at "+ 0.5". Finally, the fuzzy value 0.5 is set at 0: this is where we cannot say whether the distribution is not progressive or progressive. Having a cloud of non-correlated values is a very effective way to represent the idea of "fuzziness." Table 18 shows the calibrated values.

Year	Redistribution
1988	0.94
1993	0.93
1999	0.03
2006	0.28
2013	0.77

Table 18. Redistribution dimension, fuzzy values.

Conditionality: data collection

As discussed in the second chapter, research has focused on the conditionalities introduced in single reform episodes. To our knowledge, however, no studies have systematically investigated how the level of conditionality evolved throughout the years. In order to have a representation of the trend in conditionality, I have gathered data from the seven EU Council Regulations that are listed in Table 19. In the first two reforms, 1988 and 1993, the regulation is divided between a general regulation ("on the tasks of the Structural Funds") and a specific one, containing the "implementing provisions." Starting from the 1999 reform, a single legal document encompasses both the general provisions and the rules in their implementation.

YEAR	Regulation	No. of articles
1988	Council Regulation (EEC) No 2052/88	20
1988	Council Regulation (EEC) No 2051/88	34
1993	Council Regulation (EEC) No 2081/93	19
1993	Council Regulation (EEC) No 2082/93	33
1990	Council Regulation (EC) No 1260/1999	56
2006	Council Regulation (EC) No 1983/2006	108
2013	Regulation (EU) No 1303/2013 of the EP and of the Council	154

Table 19. Cohesion policy regulations (1988-2013).

A simple look to the number of articles these documents comprises may suggest an upward and linear trend in the complexity of the provisions attached to cohesion policy. The in-depth content analysis contained in chapter four has confirmed this first impression. In this appendix, I will outline briefly the principles I followed in gathering the data on conditionality.

The principles attempt to operationalize the substantive definition of political conditionality by Stokke. According to Stokke, conditionality consists in "the use of pressure, by the donor, in terms of not giving, threatening to terminate aid, or actually terminating or reducing it, if conditions are not met by the recipient" (1995: 12, see also Koch 2015, Viterbo 2016). The emphasis is both on the contractual relationship between a donor and a recipient and the instruments to enforce the substantial conditions enshrined in the contract. The relationship, in the case at hand, is between the EU embodied by its agent, the European Commission, and the recipients of the funds, the Member States. States often are not the ultimate recipients, nor it is States that directly manages the funds and implement the policy. Notwithstanding this, only

States can take the responsibility to accept a similar contractual relationship because of their sovereign power; consequently, States are the subject to the conditionality exerted by the European Commission. From this definition I extrapolated the two substantive principles that will guide the analysis:

First principle – a conditionality is an obligation that the European Commission imposes on a Member State.

Second principle – such an obligation must be enforced either through incentives or disincentives.

The first principle focuses on the substantial part of the conditionality: when the recipient enters a contractual relationship with the donor, the latter may request the donor to change his behavior in some relevant ways. The second principle focuses on the procedural aspect of the conditionality: the donor puts some "material" constraints on the recipient in order to have the contractual relation moving in the desired direction. There are many instances where the Commission puts obligations that are not backed by any real constraint. For instance, the additionality principle is part of cohesion policy since 1988. It was not until 2006, however, that the Commission could request to a Member State correction in its levels of "normal" expenditures for the national regional policy.

Calibration of the data on conditionality

Once the data on conditionality have been gathered and classified the Koch typology, the only difficulty the data into a fuzzy set is given by the fact that the typology has two dimensions: ex-ante or ex-post and positive or negative conditionality. If we were to transpose it into a single dimension, we would lose information. It is possible, however, to relate the typology to the historical development of cohesion policy: what we can observe is that different types of conditionality appear in a sequence that has an inner coherence. We can argue that the baseline of cohesion policy is the ex-ante positive conditionality. According to the literature, before the existence of cohesion policy, regional policy was a (limited) redistributive mechanism with 'fixed quotas.' The game-changer, as we have seen in the first chapter, was the Integrated Mediterranean Programmes (IMPs). What distinguished the IMPs from the previous regional policy was exactly the ex-ante conditionality: the integrated approach, defined by a large non-quota section, i.e., allocations decided by the Commission, and substantive criteria to select which OPs was to be financed by the Community. The same approach is present in the 1988 cohesion policy. The second logical step is to provide the policy with a monitoring system, i.e., an ex-post positive conditionality. This conditionality, although already present in 1988, is a necessary consequence of the "integrated approach" as defined by the ex-ante positive conditionality. An anecdote can clarify this point: in 1973, according to the Commissioner Thompson, the ERDF was managed just by 10 people; the Member States received funds based on national quotas, and there was no reason for the Commission to control how the funds were managed; there were evaluations, especially on additionality, but there was no need to 'steer' the policy by using ex-post negative conditionality. This necessity originated with the introduction of the ex-ante positive conditionality in 1988. The third historical development is the creation of the ex-post positive conditionality. While it is less constraining than the ex-post negative conditionality, this type is also less justifiable: while ex-post negative conditionality focuses on the policy's output (e.g., funds absorption) and the procedural correctness, the ex-post positive conditionality focuses on "outcomes," which are less predictable.

For this reason, this type of conditionality could be perceived as more intrusive. As a matter of fact, its introduction in 1999 was largely contested and, in 2006, the performance reserve was made facultative (Bache 1998, Leonardi 2005). The last type is the ex-ante negative conditionality. This type of conditionality was firstly introduced in 2013, creating the possibility for the Commission to ask Member States specific institutional reforms that would serve as a precondition to make cohesion policy function properly. Concerning obligations, this last type is arguably the most intrusive in the prerogatives of a Sovereign state insofar it dictates changes to its institutions.

If we transpose this historical sequence into thresholds, we can obtain a mono-dimensional typology out of a multi-dimensional one. The value “0” would be the absence of any conditionality. The value “1” would be associated with the presence of all the four types at once. The “0.5” threshold would distinguish between a “baseline” cohesion policy, based only on ex-ante and ex-post negative conditionality from a more complex system of governance that also uses ex-post positive conditionality. Table 20 shows the fuzzy values for the “conditionality” dimension.

Year	Conditionality
1988	0.5
1993	0.5
1999	0.82
2006	0.5
2013	0.95

Table 20. Conditionality, calibrated values.