

## Regionalism or Redefining the Boundaries of Europe

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### 1. Introduction: Regional Dimension of the European Problem

The fundamental idea behind regionalism is to build on local linguistic, racial, religious and other similarities and the cultural, diplomatic, economic, and security interests which bring states together.<sup>1</sup>

The boundaries of Europe are changing. Internally in Western Europe, more specifically within the European Community (EC), the rigid boundaries of the nation state are giving way to the new regionalism. True, the concept of the nation state is still a strong identity forming arrangement, but in today's society more and more issues are transcending these politically-formed boundaries. Attempts are being made to alleviate the inequalities and diversities within the EC in order to facilitate the convergence and cohesion policies. The boundaries of continental Europe are continually evolving and changing, as has been demonstrated most recently by the 1989 revolutions in Eastern Europe. It would seem that regionalism can be adopted to promote stability and order, while the chaos of change runs its course.

Since World War II, Europe found that it had to adjust to a new position in the world arena. After the Second World War, the European system had lost its force. The old system had relied on a multiplicity of independent sovereign states which were in a delicate balance of power, which depended largely on Franco-German relations. However, the system had failed to preserve the one thing it was designed to protect - peace. The new European idea thus was based on common interests which were to be served by joint efforts to create a 'stable balanced structure'. Europe's willingness to found a new system which extended beyond the nation state was based on two things. Firstly, the 'atomic age' wherein science and technology widened the area that man could control. Secondly, national sovereignty was being narrowed and devalued; narrowed due to a loss of military power, and devalued through the abuse of national power and nationalistic ideology. Interestingly enough, the six founding members of the European Economic Community (France, Germany, Italy, and the Benelux countries) would combine territories that covered virtually that part of free Europe which the nationalistic excesses of World War II had brought to the brink of complete destruction.<sup>2</sup>

World War Two left no doubt about the need for the creation of a new united Europe. Post war constitutions were rewritten to include a clause which accepted limitations on national sovereignty. The reasons for this were numerous. Europe's relative share of world production had shrunk considerably. Europe was also feeling a new threat from the east by political forces (USSR expansionism); defence against them would require a close military alliance, firm political conviction and great economic strength. At this point it was impossible for any single state to cope with the problems of defence against Communism, the fight against poverty, aid to less developed countries, difficulties with agriculture surpluses, and the safeguarding of currencies alone.<sup>3</sup>

After World War II, there were two views of a united Europe; *confederal Europe* and *a European federation*. Those for example who supported a confederal Europe wanted a loose association of states whose representatives would meet for

<sup>1</sup> K. J. Twitchett, *European Cooperation Today* (London, 1980), p. 3.

<sup>2</sup> W. Hallstein, *Europe in the Making* (London, 1972), p. 19.

<sup>3</sup> Hallstein, p. 18.

joint discussions and plan joint action in certain fields. On the other hand, statesmen such as Monnet and Schumann (the future 'founding fathers' of the European Community) favoured a European federation. They wanted to create a 'United States of Europe', whereby nations would *surrender elements of their sovereignty* in certain fields to supranational organisations with the power to take decisions binding on member states.

The Treaty of Rome (1958) which established the European Economic Community was "intended to lay the foundations of an ever closer union among the peoples of Europe"<sup>4</sup>. The nations of Western Europe which worked together to build the EC did so predominantly out of a desire for peace, as well as ensuring that stability and a standard of living at least as high as the pre-war years were maintained.

The looming prospect of 1992 has forced the EC to reassess its regional policies and funding. Integration can only be achieved in an environment of *equality*. The traditional north - south divide in Europe cannot be ignored, but differences also apply within the member states of the Community. *The core periphery model* will provide a useful foundation for a discussion of the regional problems in Europe.

As East meets West, the initial regional problems and apprehensions are being resolved in a methodical fashion. After the 1989 'revolutions' in Eastern Europe, the challenge of integrating not only Western Europe but also Eastern Central Europe into one large bloc is proving to be an ambitious project (also one which is not favoured by all representatives of the EC). The Community has thus far been unable to create a united Europe; united both economically and politically. The achievement of this goal is becoming increasingly important as Europe is assuming a greater role in world politics, to the point where the regional organisation of the EC is becoming a global power. For Europe to succeed in the 'grand unification plan' it must put its phobias to one side. Regional policy is central to the successful evolution of any such plan.

The regional problems which exist in the EC are numerous. Regional problems are more often than not a result of an historical regional diversity, which in turn is the essence or soul of Europe. The regional problems which exist in the EC; economic, demographic, or simply social welfare problems, have resulted in attempts at correction. The desire to achieve an environment of equality with a standard of living in line with the EC average is assisting in moving towards resolving these regional problems.

Regionalism is a necessary requirement to facilitate the economic and social integration of Europe. Yet European regionalism is fraught with complexities and intricacies. The community arrangement of the EC provides a flourishing force in the global system. The flexibility and organic nature of the community emphasises its amorphous structure. It has the potential to change, grow and adapt to the global climate. Therefore, at a regional level the state and the international organisation are mutually reinforcing.<sup>5</sup> One point should however be made clear. *Regionalism* in Europe acts as a point of *equilibrium*. Increased integration will not necessarily make the nation state redundant and will not centralise power unrealistically. As the scope of integration increases, so does the membership simultaneously. It is here that the importance of regional policy<sup>6</sup> becomes evident. This policy is essential to the successful integration of Europe into a single community.

Regional policy in theory, provides a basis for the development of equal economic growth. An explanation for the difficulties experienced by the EC in developing a common regional policy can be better understood if one first looks at national systems

<sup>4</sup> A. Daltrop, *Politics and the European Community*, 2nd ed. (London, 1990), p. 14.

<sup>5</sup> Theory based on concepts presented by Taylor (consociationalism) and neofunctionalists like Ernst Haas.

<sup>6</sup> Regional policy is defined as "that which seeks to affect the distribution of employment within the national territory, generally by the use of spatially selective infrastructural investment, financial incentives and development controls but including, for nationalized industries and government departments particularly, administrative fiat". Regional planning policy is concerned with the location of a wider range of activities within a given area. J.R. Lewis, "Regional policy and planning" in S. Bornstein, D. Held, J. Krieger, *The State in Capitalist Europe* (London, 1984), p. 138.

for regional aid. As Hugh Clout points out, the national regional policies were diverse. This stemmed from the fact that the nations of Europe had different constitutional and political backgrounds.<sup>7</sup> Clout identified *three phases* in the development of national regional policy. All of these regional policies started at different times in response to a range of social and economic issues, and they evolved as the problems changed.

The first phase of national regional policy development centred on Britain and Italy, and was in response to the problem of unemployment. In Britain, in 1934, welfare measures were introduced to aid mining and industrial areas with high rates of unemployment. In Italy, post World War II social, economic and political problems were developing in the South. In 1950, the *Cassa per il mezzogiorno* was established to assist the problem regions. Its aims were gradually expanded from agricultural improvement to the development of tourism and manufacturing.<sup>8</sup>

The second phase of regional policy development extended from the late 1950s, throughout the entire 1960s, up to the start of the recession in the 1970s. Regional inequality was defined in a very broad sense, with governments introducing more complex schemes. The regional policy was designed to assist the peripheral areas, the congested urban zones, and national interest of balanced economic development. In some countries the focus rested on the city versus the rest of the nation, for example Paris and London. In France and Italy during the 1960s large areas qualified for assistance. The nature and value of assistance varied from one country to the other. Inducements to move industry to less developed areas included; tax relief, cheap state loans, and finance for the retraining and training of labour. Infrastructural schemes which were introduced included; motorways, new housing, and hospitals. In some countries (Italy, UK, France and the Netherlands) controls were placed on future industrial expansion in the congested cities as a complimentary policy to that of inducements. The focus of national regional policies was on job creation in manufacturing.<sup>9</sup> An important point to remember is that *these policies were implemented by national governments merely to combat their own regional problems.*

The third phase in national regional policy started in 1973-74. The policies were being developed in an environment of recession, deindustrialisation, increasing unemployment and growing numbers of multinationals. Some countries decided they would still concentrate on maintaining their regional policies, while others focussed their attention on national economic growth.<sup>10</sup>

From 1973, the EC established a common regional policy. It was initially not very effective. The funding for initiatives was tied to national regional policies. The European Regional Development Fund was created to administer the funds for the regions. Subsequent re-evaluations of the structural funds have resulted in a regional policy which is establishing programmes which are decreasing regional inequalities. However, outside influences, such as political developments in Eastern Europe, global economic conditions and numerous applications for membership, have all exacerbated regional tensions.

Regional disparities thus remain serious problems. The example of Germany illustrates that a loose federal structure could present the most successful basis for pan-European integration and the further reduction of regional problems. German integration has added a new dimension to EC regional integration. In many ways, Germany presents a small picture of the regional problems which could face the EC in the event of further expansion. Taking into account, that the federal structure of Germany makes it somewhat of a unique case. The fact that a large amount of authority has been devolved to the regions has resulted in a more equal rate of economic development. This has in turn meant that the regional problems which exist in Germany are generally minor in comparison to some of the other more centralised member states of the Community.

<sup>7</sup> H. Clout, *Regional Development in Western Europe*, 3rd ed. (London, 1987), (2), p. 31.

<sup>8</sup> Clout, (2), pp. 31-32.

<sup>9</sup> Clout, (2), pp. 32-33.

<sup>10</sup> Clout, (2), pp. 33.

## 2. Addressing the Regional Problems in Europe

... the layers of history which are sedimented over time are not just economic; they are also cultural, political and ideological strata.<sup>11</sup>

The fabric of nations which form Europe can be subdivided into regions, each with its own problems. The core-periphery model provides a basic structure for identifying problems and disparities at a regional level. As far as the European Community is concerned, disparities in income and unemployment are of primary concern. In order to understand why disparities exist, however, one can also look beyond the economic, towards cultural and political issues; including demography, migration innovation, education and training. "There are as many regional problems as there are regions."<sup>12</sup> Studies produced by the EC<sup>13</sup> have classified problem regions into six categories; regions lagging behind the rest of the Community, declining industrial regions, agricultural regions, urban problem areas, peripheral regions, and frontier regions. Every country in Europe is faced with uneven regional development. However, these disparities are more pronounced in some countries and their regions than in others.

### 2.1. Foundations of regional problems in the European Community

During the 1950s and 1960s, at the time when the EEC was being established, Europe was undergoing a period of prosperity. It was this feeling of euphoria after the despair of the war which pushed forward the development of the EC. It was not until the 1970s that the situation in Europe took a turn for the worse. The 1970s brought with them the oil crisis, inflation, stagnation (*Eurosclerosis*) and an eight year recession period which started in 1974.<sup>14</sup> It was at this time, when economic growth was slow, that the regional problems in Europe were once again upper-most in the minds of the politicians.

Enlargement of the EC had accentuated or highlighted the existence of cores and peripheries. That is not to say that the original six founding members (France, FRG, Italy, Belgium, Luxembourg, and the Netherlands) did not have any regional disparities or problems of their own. Each of these countries had different economic and political histories, their styles of government differed; and geographically (spatially) there were significant variation. The Rhineland, Northern Italy and Paris (and much of the Benelux countries) provided much of the initial mega-core of the EC. This wealthy core region was dubbed the 'Rhinelands hourglass'; it contained the EC's leading cities, the centres of decision making, major industry, large coal deposits and the most dense and efficient communication networks.<sup>15</sup> This area provided a dramatic contrast to the poorer periphery which consisted of the predominantly rural areas of the Mezzogiorno and western France.

With the first enlargement from six to nine the core grew to include the lowlands of England. However, the periphery was simultaneously enlarged to include Northern and Western Britain, the Republic of Ireland and parts of Denmark. The subsequent enlargements which saw the addition of Greece, Spain and Portugal simply added to the periphery.<sup>16</sup> Even today a contrast remains between an industrial heartland and a rural fringe, a division which will continue if all countries of Europe join the Community to form some sort of United Europe, and only disappear very slowly if divergent growth rates continue to increase.

<sup>11</sup> A. M. Williams, *The Western European Economy* (London, 1987), p. 244.

<sup>12</sup> G. Parker, *The Logic of Unity*, 3rd ed. (London, 1981), (1), p. 118.

<sup>13</sup> Second Periodic Report on the social and economic situation and development of the regions of the Community, 1982.

<sup>14</sup> G. N. Minshull, *The New Europe into the 1990s*, 4th ed. (London, 1990), pp. 329-30.

<sup>15</sup> H. Clout, *Regional Variations in the European Community* (Cambridge, 1986), (1), p. 10.

<sup>16</sup> Clout, (1), p. 13.

## 2.2. Core-periphery model

The core periphery model provides a simple structure which can be used to analyse the extent of regional problems in Europe. It has been suggested that there are twelve European traits. These traits are said to form a core area. The number of characteristics decline in a fairly regular manner away from this core. It is these areas which form the European periphery. The economic recession of the late 1970's has been blamed for exaggerating these differences. The increases in inflation, unemployment and the decline in industrial activity affected the peripheral areas most severely. The pattern of development which has emerged under this situation has been termed an autonomy/dependency relationship not unlike a colonial relationship. The core is the dominant partner which overshadows the periphery in most economic, political and social respects. As will be shown, the core-periphery model is now being questioned; it would seem the model is breaking down as political and social tensions between the core and periphery emerge.

The highly developed inner core is also known as the 'mega-core'. This area is usually the focus of economic and political activity, and centres of learning, culture and information. The core regions often contain capital cities or administrative centres. The regions are characterised by innovation as well as a concentration of capital and investment. The core transmits news and opinions to its surrounding territories. Similarly, the cultural values, rules and regulations are imposed onto the periphery from core areas. Also, the flows of essential information and legislation come from the natural capitals. Therefore, it is often said that *people who live beyond core areas tend to be late receivers of ideas*. The members of the periphery are 'followers rather than creators of fashion'. However, the development of modern communications networks has assisted in reducing this problem.<sup>17</sup>

Peripheral areas can be characterised by their economies as *primary producers*. As far as their economic and agricultural systems go, they are quite fragmented. Peripheral regions can also, as the name suggests, be remote geographically, and lack the dense transport networks<sup>18</sup> which exist in the core regions. As previously mentioned, these regions rely on the core areas for their communications systems. Firms which are operating in the periphery regions tend to be small, traditional family run businesses which are lacking in modern methods of management, production and marketing. The improvement of transport links can often have negative effects for the peripheral regions. Once their isolation is reduced the existing firms must learn to compete against the economically more effective producer from the core regions. It has been stated that the peripheral regions are often "locked in a kind of inferiority complex"<sup>19</sup>. Peripheral regions are always more vulnerable to recessions - in terms of employment and income (wage rates), educational opportunity and social well being are just some of the ways in which this vulnerability can manifest itself. As Galtung (1973) stated;

... capitalism leads to far too much accumulation in the centres  
and to continuous bloodletting of the periphery.<sup>20</sup>

Nonetheless, peripheral areas do have some advantages. For example, they can provide *cheap labour* and also *cheap land*. Multinational companies are starting to take advantage of these areas for just those reasons.<sup>21</sup>

In Western Europe the core-periphery pattern is highlighted by two factors. Firstly, the distribution of wealth corresponds to that of population density. Secondly, there is a relationship between incomes and the percentage of the workforce

<sup>17</sup> Clout, (1), pp. 11-12.

<sup>18</sup> These dense transport networks can be disadvantageous. They bring with them their own set of problems; for example traffic, congestion, pollution and urban poverty.

<sup>19</sup> Clout, (1), p. 12.

<sup>20</sup> Clout, (1), p. 13.

<sup>21</sup> H. Uterwedde, *Die Europäische Gemeinschaft* (Berlin, 1989), p. 102.

employed in the areas of agriculture and industry. The wealthier core regions tend to have a smaller number of their working population employed in agriculture, with larger percentages working in manufacturing.<sup>22</sup>

A few years ago it would have been true to say that the Western European mega-core and periphery were only visible from a wide international viewpoint. Any attempts to correct inequalities were founded in the national regional policies. Therefore, nations felt no need to look beyond their borders at the wide ranging problem, especially since their policies were self-financed. However, since the appearance of the former Eastern bloc on the European economic scene, governments of EC member countries have become increasingly aware of the economic inequalities or disparities within Europe. As shown by applications for membership to the EC by nations which are clearly less developed than the least developed current EC members, the example of German unification has awakened the awareness of the existence of inequalities.

### 2.3. Problem regions

The problem regions in the Community can be categorised into groups with common characteristics.<sup>23</sup> Whilst regional disparities exist in every country of the EC, it is worth noting that the problems differ in nature and intensity from country to country. Also, some of the regions contain a mix of types.<sup>24</sup>

The first type of regions found in the EC are those which are 'lagging behind the rest of the Community'. These regions often rely heavily on agriculture, and they also have poorly developed industry and services. They are found on the periphery - and include parts of Greece, Spain and Portugal. These regions have low incomes, low productivity and high unemployment.<sup>25</sup> There are some other reasons for the lower levels of economic development in these regions. The location of economic activity is governed by historical patterns. Therefore, inertia has prevented major changes in the distribution of industry. The physical distance of a region from the main industrial centre of Europe has played an important part in location for potential industrialists. Sometimes particular systems of land ownership are associated with the lack of agricultural development. Also, the market for products is often external and vulnerable to wide fluctuations. These regions sometimes have little control over their few resources, all the major decisions are made in the core.<sup>26</sup> Although some peripheral areas are growing in importance, even if this is only of a temporary nature.

The second type of regions found in the Community are declining industrial regions. These problem areas are predominantly industrial. More often than not they were among the first to industrialise and are now having to change direction due to high and growing unemployment, and also competition from imported goods. These areas are usually severely hit by recessions. Industry in these regions is under threat because of the rising costs associated with the near exhaustion of stocks (for example coal); the emergence of more competitive alternative sources of domestic supply; and the increased competition from the imports which come from newly industrialising, low labour cost countries such as Korea. The industrial decline of these regions will not be compensated by the growth of new industry because *it will be unable to absorb the labour surplus*. These types of regions can be found in Southern and Eastern Belgium, the Ruhr and Saar in Germany, Northern and Eastern France, West Central Scotland, Southern Wales, Northern and North Western England, and Northern Ireland.<sup>27</sup>

<sup>22</sup> B. W. Ilbery, *Western Europe: A Systematic Human Geography*, 2nd ed. (Oxford, 1986), p. 7.

<sup>23</sup> The typology of six regions was drawn up in the Third Periodic Report on regions in the EC.

<sup>24</sup> T. Hitiris, *European Community Economics* (London, 1988), p. 177.

<sup>25</sup> C. Mellors, N. Copperthwaite, *Regional Policy* (London, 1990), p. 38.

<sup>26</sup> Ilbery, p.10.

<sup>27</sup> Hitiris, pp. 178-179.

The recently reformed structural funds of the Community provide assistance to some of the regions which fall into this category. These regions are on average very densely populated (up to more than twice the Community average - in some cases more than 1000 inhabitants per km<sup>2</sup>). Therefore, these regions must deal with other issues as well, for example congestion and pollution. In 1990, the unemployment rate in these regions was more than 1,25% higher than the Community average. However, this is still not as high as the unemployment rate in the 'lagging' regions.<sup>28</sup> Still, the EC considers these regions to have problems severe enough to warrant substantial assistance.

The third type of regions are agricultural regions. These areas depend on agriculture for both employment and production (agricultural employment is 50% higher than the EC average in these regions). Approximately 30% of the EC's regions have been identified as falling into this category.

These problem regions are usually found at the periphery, and include Western Ireland, most of Spain, Greece and Portugal, some of Southern Italy, South West France and lower Bavaria. Farming in these regions must cope with low productivity, low capitalisation and application of technology, a low participation rate, and a high incidence of disguised unemployment. Farming in the more developed countries faces problems of high tech production, which in turn creates unemployment and can result in migration.<sup>29</sup> Part of the problem can be said to be that the agricultural sector has declined in its importance. With its new programmes, the EC is trying to diversify production in this sector, and build upon potential development areas of tourism and craft production.<sup>30</sup> This allows for alternative sources of income for those who want to stay on the land.

The fourth type of region is that of urban problem areas. Numerous problems are evident in these regions. For example, urban congestion, inner city decay, pockets of poverty, a general decline in the environment, and a deterioration of the quality of life. The solution would seem to be to find a way to divert activity away from the cities, thereby reducing congestion and stimulating growth by 'renewing' the existing industry. In other words, stimulate growth in other regions so that they attract economic activity away from the congested regions.<sup>31</sup> Urban decline concerns itself with problems such as high unemployment, an aging population, out migration and sectoral adjustment (in mining, steel, shipbuilding and textile industries).<sup>32</sup> The EC has developed programmes of 'Integrated Development' aimed at resolving problems of urban congestion and also urban decline.

The fifth type of regions are *the peripheral regions*. The main problem for these regions is one of *isolation*. These regions have all the characteristics previously described in the discussion on core periphery relations; transport and communications difficulties, higher infrastructure costs, low populations and small dispersed markets, coupled with high unemployment and low income and productivity. Enlargements of the EC have increased the number of peripheral regions.

The final type of regions are called *frontier regions*. There are two types of frontier regions; those between the EC members and those between the EC members and other countries. More often than not these regions suffer from being peripheral regions as well. With the reduction of barriers to trade, the regions across the international borders of the EC must reorientate their economic activity due to changes in comparative advantage.<sup>33</sup> However, the EC does not consider these problems sufficient to grant them special status.

<sup>28</sup> Commission of the European Communities, *The regions in the 1990s - Fourth Periodic Report on the Social and Economic Situation and Development of the Regions of the Community*, COM (90) 609 final, Brussels, January 1991, p. 54.

<sup>29</sup> Hitiris, p. 177.

<sup>30</sup> *The regions in the 1990s*, p. 55.

<sup>31</sup> Hitiris, pp. 179-180.

<sup>32</sup> Mellors, Copperthwaite, p. 40.

<sup>33</sup> Hitiris, p. 180.

Regions must be seen in terms of economic and social change. Regional inequalities have economic and social implications and costs.<sup>34</sup> Regional inequalities are not simply differences in income. Regions are in many ways exclusive entities with their own employment structures, class structures, access to consumer goods and to health and educational services.<sup>35</sup> Therefore disparities can occur in the rates of growth of output and employment and can have serious social consequences. Some of these are dealt with below.

## 2.4. Demography

Demographic trends are a source of regional disparity. The movement of people and general population trends have important implications for the economic growth and quality of life in a region. A fall in the birth rate in Europe has resulted in a slowing down in population growth, which has also had an impact on regions elsewhere. Within the EC regions there has been a shifting urbanisation, towards the city away from the rural areas. It is mainly due to the economic climate that migration out of depressed regions continues to increase.<sup>36</sup>

General trends in population have shown that there has been a steady decline in population growth since the 1970s. Forecasts for the 1990s show that the population level will remain at approximately 325 million (this does not include the former GDR). Similarly, changes in age composition are also expected. The number of over 65's is expected to increase between 1990 - 2015. The aging population will be concentrated in the core regions of Western Europe. The periphery regions will continue to maintain a fairly large growth in the working age population.<sup>37</sup> Closely related to changes in the demographic pattern of regions is the issue of migration. Migration delineates the problem regions, highlighting the disparities through a movement of people.

## 2.5. Migration

The European Commission in its recent report on the regions in the 1990s defined this issue as:

Migration patterns are determined by a complex of economic factors, such as differences in employment opportunities and wage levels as well as a number of other factors such as the policy stance towards migrants and the readiness of persons to change location, language and culture.<sup>38</sup>

These economic factors change over time and also differ between regions and countries. Migration into the Community has remained relatively small, although recently fears have grown that a flood of immigrants will appear from Eastern Europe and the USSR. Romanians have created the term 'golden curtain' to describe the way Western Europe is blocking economic immigrants from the East.<sup>39</sup> A Hungarian has also described what would happen in a new Europe:

The frontiers of Europe will not be drawn where the paupers of Europe would like them to be, but where Europe's rich and powerful put up the economic curtain wall that will replace Soviet dictatorship.<sup>40</sup>

The number of foreigners in a region depends largely on the degree of industrialisation. For example, in West Germany after the 'economic miracle', the country

<sup>34</sup> Hitiris, p. 173.

<sup>35</sup> Williams, p. 244.

<sup>36</sup> W. J. Feld, G. Boyd, *Comparative Regional Systems* (New York, 1980), p. 112.

<sup>37</sup> *The regions in the 1990s*, pp. 27-28.

<sup>38</sup> *The regions in the 1990s*, p. 30.

<sup>39</sup> M. Kaldor, "Avoiding a new division of Europe", *World Policy Journal*, Winter 1990-91, p. 183.

<sup>40</sup> L. Lengyel, "Europe through Hungarian eyes", *International Affairs*, 66, 2, 1990, p. 297.



was in the enviable position of having a labour shortage. To combat the problem 'Gastarbeiter' were brought in, mainly from Turkey. Unfortunately, as the economic tide turned, these migrants became a problem in the sense that the increased unemployment led to a growing nationalism, which manifested itself in a fear of work being 'taken' by outsiders. As far as internal EC migration is concerned, this has followed traditional links between the industrialised regions and the peripheral regions. Cultural and linguistic differences have ensured that other migratory flows remain very low. The EC feels that for this reason the completion of the Single Market would only trigger a wave of migration if income and unemployment disparities widened.<sup>41</sup> Migration is still very dependent on economic influences. Urban areas are still attracting the largest number of immigrants. However, problems are arising in regions where there is an out-flow of people. This is largely due to a lack of employment opportunities. The EC sees as a priority the balanced development of the Community thereby aiming at alleviating the afore mentioned regional problems, as will be seen in Chapter IV.

## 2.6. Income and employment

The considerable disparities/inequalities which exist between EC member states in income (measured GDP per head) is of particular concern to the community. The recession of the mid 1970's has been blamed for a 'regressive phase' which has taken inter-regional disparities back to the levels they were at more than ten years earlier. During the 1980's, up to 1986 these disparities increased; they then stabilized at about the same level. Towards the end of the 1980's some of the weaker states achieved rates of growth which were above the EC average, a necessary step if inequalities are to be eliminated (Spain, Ireland and Portugal). The ultimate convergence of the weaker and least prosperous regions to the EC average will be a very long term process.<sup>42</sup> Therefore, in order to catch up, the weaker regions must maintain a substantially faster rate of growth than the strong regions. Changes in the external environment make this difficult. The poorer regions must increase the quantity and effectiveness of investment and improve the quality of their human resources<sup>43</sup> through improved access to education and training.

If one takes the community as a whole, it becomes evident that employment has been increasing since 1984 (approx. one and one quarter percent per year). This has been enough of an increase to offset the loss of jobs caused by the recession of the early 1980's (Ireland was the only country unable to do so). In fact, in 1990 there was an increase of nearly nine and one half million jobs.<sup>44</sup> There has been a shift in the employment trend away from manufacturing towards services, due in part to technological change and innovation. The traditional industrial areas (coal, steel and ship building) have had a decline in employment rates. Even some of the more prosperous regions in Germany and Northern Italy, Belgium and North Eastern France have been affected.<sup>45</sup> Although the unemployment rate in the European Community has fallen in 1990, the differences in unemployment rates between the member countries are still considerable.

In 1990 this was exacerbated by the fact that Southern regions experienced unemployment rates which were significantly greater than the EC average, while Northern regions experienced a fall in unemployment. This point is best illustrated by the Italian case, which had the largest regional unemployment rate disparity in 1990. In some Northern regions the unemployment rate was below 5% (Emilia Romagna and Lombardia) as compared with rates as high as 20% in most of the Mezzogiorno.<sup>46</sup> The EC has developed policies to assist these regions, and is hopeful

<sup>41</sup> *The regions in the 1990s*, p. 31.

<sup>42</sup> *The regions in the 1990s*, pp. 16-17.

<sup>43</sup> *The regions in the 1990s*, pp. 45-46.

<sup>44</sup> *The regions in the 1990s*, p. 20.

<sup>45</sup> *The regions in the 1990s*, pp. 20-22.

<sup>46</sup> *The regions in the 1990s*, p. 24.

that 'spread effects', labour shortages in central regions, will accelerate and help economic growth in regions with high unemployment. Migratory flows will be important in determining the success of this effect. In any case, a decline in these disparities will be a long and slow process. There is a risk that some of the weaker regions may benefit less from the general improvement.

### 2.7. Culture

Regional disparities extend beyond the economic issues, cultural and political aspects are just as important and necessary to round off any discussion about European regional problems and disparities.

Whilst Europeans do share a common cultural heritage history has affected them in different ways, resulting in *differences in their political cultures*. Within Europe there is a very wide linguistic diversity. In most cases the language borders run parallel with those of the nation state. However, one of the major exceptions is Belgium which is divided between the Walloons (Dutch) and the Flemish (French). Also, there is a growing spread of multilingualism, assisted greatly by young people migrating and access to cross border television programmes. *Religious diversity* is another division in Europe. The distribution of the major religious denominations in Western Europe has the potential to stimulate divergent trends among countries.<sup>47</sup> For example, in Germany the North South regional divide is accentuated by a similar religious divide between Protestants (North) and Catholics (South).

### 2.8. Regional inequalities

As will be seen, the EC's regional policy, up until the most recent reforms, had not resulted in the reduction of regional inequalities. The new programmes being established by the EC are to a large extent superseding the national regional policies of member states. In the past national governments made provisions to create new and necessary infrastructure, the state invested directly in industry, and private finance or legislation was used to discourage further industrial expansion in certain areas.

The fundamental ingredients of regional policy have been mixed in very different proportions and total quantities in different countries, according to the nature of their problems and their political and social structures and traditions.<sup>48</sup>

Regional disparities still usually arise from the natural tendency of industry to concentrate in certain favourable regions, allowing the rest to decline.

Regional problems and the policies developed to alleviate them, have been hampered by the constraints of the nation state. A new regionalism is asserting itself. By devolving some power to the regions it is hoped that disparities will be reduced, as they must be in order to facilitate the successful economic integration of Europe. Economic integration of Western Europe is a precondition for both political and economic integration of Europe as a whole. The first step itself suffers from many shortcomings, so the expectations that the second step might be extremely painful are justified. However, the entire process, largely facilitated by the major European Community policies and programs, makes sense only in the light of the prospect of unification of the continent as a whole. In any other case, economic integration would be bound to imply political division. The overcoming of political division is at the core of the turbulent changes we are witnessing in the last decade of the twentieth century.

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<sup>47</sup> Feld, Boyd, p. 113.

<sup>48</sup> Ilbery, p. 170.