Radboud Repository

Radboud University Nijmegen

PDF hosted at the Radboud Repository of the Radboud University Nijmegen

The version of the following full text has not yet been defined or was untraceable and may differ from the publisher's version.

For additional information about this publication click this link.
http://hdl.handle.net/2066/18871

Please be advised that this information was generated on 2021-10-20 and may be subject to change.

THE CONCEPT OF ECONOMIC AND SOCIAL COHESION IN THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY

EDWARD ROBERTS*)

Content

----

1. Introduction

1.1. Congruency between powers and income for central and regional/local governments has to exist in every state. In many cases central government receives the greater part of total government income, but regional/local governments spend the most of it. Therefore total government income has to be shared and transfers from the central treasury to the regional/local ones have to take place.

*) Dr. E.J.Ph.Roberts is a former Dutch diplomat with a career mainly in EC matter, lastly as a Director, head of the Directorate for European Integration, of the Netherlands Ministry of Foreign Affairs. He defended his thesis on "the Power of the Purse" in the University of Leyden in 1996. At the moment he is working as a researcher in the University of Nijmegen. As a comparatist in public law he is concentrating on federal constructions with a special interest in intergovernmental financial relations. His e-mail adress is: edw_roberts@yahoo.com

In federal states the sharing of government income cannot be arranged in the same way as in unitary ones. In a federal state central government has to respect the autonomous standing of its component states. Sufficient income has to be guaranteed to these states so that they are able to exercise their powers in an autonomous way. In federal states the regulation of the sharing of income and moneytransfers is part of constitutional law, in unitary states that regulation is part of organic law.

1.2. The redistribution of income in federal states uses to be based on comprehensively phrased political concepts [1]. For instance, in the Constitution of the Federal Republic of Germany "the uniform standard of living in the whole territory of the Republic" is such comprehensively phrased concept. The rules for the actual sharing and allocation of financial means are laid down in some detail in a chapter of the German Constitution itself.

The Constitution of the Commonwealth of Australia also provides for the allocation of financial means to the States. Detailed regulation is left to the federal Parliament. The concept which has been developped in this field is that of "equalisation". This has been defined as " (to) enable each state to provide without imposing taxes and charges appreciable different from the levels of the taxes and levies imposed by the other states, government services not appreciable different from the standards of the government services provided by the other states"[2] .

1.3. In the European Union the same phenomenon presents itself. Out of the central treasury, being the Own Resources of the Community, a redistribution of Community money takes place in a well regulated way. Also a comprehensively phrased concept has been introduced into the EC Treaty, that is to say: "economic and social Cohesion" (hereinafter sometimes referred to as "the concept of Cohesion"). This concept has been inserted into the Treaty by the Single European Act of 1986 [3] and has even been upgraded as one of the principal objectives of the European Union next to the establishment of the Economic and Monetary Union and the Internal Market in the Maastricht Treaty of 1992 [4].

However, the implementation of this principal aim had already become an important activity of the European Community, an activity mainly carried out by the structural Funds of the Community. The EC reviewed this activity at several occasions, mainly when the drafting of new Financial Perspectives for the European Community was on the agenda. This has been done lastly in 1999. However, as the imminent enlargement of the European Union causes nowadays much rethinking of the the fundamentals of the Union, it seems appropriate, especially at this time, to check on the span of commitment which the Member States undertook by introducing the concept of economic and social Cohesion in the Treaty in 1986. To this end the development of the concept will be examined in the following.

1.4. For a closer determination of the concept firstly the characteristics of the structural Funds will be traced during the period preceding the insertion of the Chapter on Economic and Social Cohesion in the Treaty in 1986 (para.'s 2 - 5). Attention will be given to the negotiations on this issue during the negotiations for the Single European Act (para. 6).

The introduction of the concept led to the reform of the structural Funds in 1988. This reform "coloured" the concept (para. 7). Further determination of the concept took place by the European Council of Maastricht (para.'s 8 and 9) which entailed the second reform of the structural Funds in 1992 (para. 10). Later reflections on the subject were marked by the pending enlargement of the European Union by the adhesion of the less prosperous Central and Eastern European Countries and led to the third reform in 1999 (para.'s 11-12). The examination concludes with a summing up in 11 points (para.13).

2. The structural Funds at their beginning

2.1. The European Social Fund (ESF) and the Agricultural Guidance and Guarantee Fund/Guidance Section (EAGGF/Guidance) are the oldest Funds, already being mentioned in the Treaty of Rome as signed in 1957. The ESF was mentioned in Part Three. Title III. Social Policy [5]. Its aim was to counter the less favourable consequences of the common market for the employment situation in the Member States by financially assisting the Member States to adapt to the new situation (Art. 123).

The EAGGF/Guidance was mentioned in Part Two. Title II. Agriculture. Its aim was to support the realisation of the agricultural policy of the EC. It would in an indirect way contribute to the Community's incomepolicy for the farming population which in first instance had to be guaranteed by the prices for agricultural produce set by the Community.

So, the activities of both Funds were limited to aims formulated in the chapters in which they had found their place.

2.2. Already from the beginning the ESF had a larger budget than the EAGGF/Guidance. Both Funds were at that time separately financed by contributions of the Member States the amount of which was annually established by the Council of Ministers.

As regards the ESF a ceiling was established for the maximum amount of assistance for each Member State.

In both Funds solidarity was practised: some member States received more than they contributed, others received less.

In the EAGGF/Guidance the key for the contributions was based on the share of a Member States' import of agricultural produce in the total of such Community import.

In the ESF the contribution was decided on in conformity with the “contributive capacity” of each Member State and its readiness to assist Italy. In principle this readiness might be assumed to exist taking into account Protocol 8 annexed to the Treaty of Rome. In this Protocol Contracting parties recognised the interest of the Community as a whole in the current 10 year development plan of the Italian Government.

2.3. At the introduction of the Own Resources of the Community in 1971[6] the separate keys for the contributions to the Funds were done away with. The allocation of a maximum amount of assistance for every Member State under the ESF was maintained. The formulation of the aims of the ESF was amended[7] so as to make the assistance by this Fund better support the social policy of the Community based on Art. 118 EC Treaty. Moreover, a better organised and effective procedure was introduced by the requirement that applications for assistance had to fit into a national plan to fight structural unemployment.

2.4. The special accent put on Italy by Protocol 8 spilled over on Ireland. In Protocol 30 of the Adhesion Treaty concerning the U.K. e.a.(1972)[8] the success of the industrial development policy of the Irish Government is recognised to be in the interest of the Community as such.

Protocol 30 is also interesting because it describes the Community policy into which the Irish development plans are to fit. The Protocol mentions:”.... that the fundamental objectives of the European Economic Community include the steady improvement of .... the harmonious development of their economies by reducing the differences existing between the various regions and the backwardness of the less-favoured regions;”.

The tenor of the Irish plans is defined in the Protocol as “the implementation of a policy of industrialisation and economic development designed to align standards of living in Ireland with those of other European nations and to eliminate underemployment while progressively evening out regional differences in levels of development.”.

These texts reflect an intertwining of national and Community policy. The harmonious development of the economy and the increase in the standard of living are considered a national responsibility. However, the reduction of differences in the standard of living is considered also to be a task for the Community.

Here may also be observed that in the Italy as well as in the Ireland Protocol the Community’s financial assistance is supposed to flow to regions. So, parts of Member States are supposed to form rightly an object of concern in Community policy.

3. The European Regional Development Fund (ERDF)

3.1. The structural Funds got a more substantial role for the economic development of the Community by the establishment of the ERDF by the Conference of the Heads of States and Government and of the President of the EC Commission in Paris in December 1974 [9]. The Fund was meant to be the instrument of regional policy of the Community. The object of that policy was to reduce the most serious regional imbalances in the Community caused by structural lack of unemployment, and by a strong dependence of labour on agricultural activity or on declining industrial activity. The Conference put its decision in a wider perspective by its demand for a more effective coordination by the Member States of their macro-economic policies. In their Statement the Heads underlined the necessity to arrive at a consensus about future policy. Such a policy could only have sense if it worked towards Community solidarity and if it would be based on an effective permanent consultative machinery, so they declared.

The Heads of State and Government went about their business in great detail. They fixed the total amount that might be spent by the ERDF over a period of 3 years and they allocated a maximum amount of assistance for every Member

State. Italy would benefit most, it would receive 40% of the amount, the UK 28%, France 15% and each of the other Member States less than 10%. The allocations were calculated in such a way that Italy , Ireland and the UK would be netto- receivers.

The EC Commission was content about these results of the Conference. The essential points in her proposals about this matter had been accepted, that is to say "a Fund with a general vocation as an instrument for Community policy" that would concentrate its activity on the least prosperous regions. Moreover, a obnoxious split between paying and receiving Member States was prevented because the netto-paying Member States had indeed recognised that the decision was of importance for the European Community as such.

3.2. The decisions of the Conference of Paris were transposed into Community Regulation nr. 724/75 approved on March 18, 1975 [10]. In its Preamble it was mentioned that the establishment of the Fund was based on the consideration that an effective structural policy was a main condition for the establishment of the Economic Monetary Union. Its aim, as formulated in the Regulation, was to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change and structural unemployment. In providing assistance its importance for the region as well as for the Community had to be taken into account. Assistance could only be given to regions which were selected by the Member States out of those which got already assistance on the basis of a national program of regional policy. The amount of ERDF assistance had to be limited to a maximum of 20% of the investment. These last two conditions caused that the ERDF money was mainly spent on projects selected and administered under national policy.

4. Review and improvement of the Funds

4.1. Also in the ESF a regionalisation of the assistance was introduced by reviews of 1977 and 1983. In 1983 it was decided that 44,5% of its budget had to be spent in regions which were to be selected by the Council of Ministers by qualitative majority. Next to a geographical concentration also a concentration on certain activities took place. Gradually the main accent came to be put on co-financing vocational training or re-training of persons younger than 25 years of age and of the long-term unemployed.

In the EAGGF/Guidance regionalisation of the assistance was promoted by Directive nr. 75/268[11] concerning assistance to mountain and hill farmers and to farming in less favoured regions defined in the directive. The Fund concentrated on co-financing measures supportive to the agricultural marketregulations and on programs improving management in farming.

4.2. The support of other Community objectives by way of the structural funds could only be realised in a limited way. National planning and priorities were in fact guiding expenditure of the EC Funds. Standards and requirements regarding the projects and measures which could be co-financed by the Community were laid down in the Regulations concerning the operation of the Funds. The definition of these, however, was often divergent or broad. Efforts were made to improve this situation by amendment of the Regulations.

As regards the ERDF the assistance switched to some degree from projects to programs so as to increase the Community's influence on national planning. So, 20% of the ERDF budget had to be in the framework of programs. By 1988 the actual figure was 28%.

Also assistance in the framework of planning programs by the Community was introduced. The initiative for such programs lay with the Commission. The total amount of involved in this type of assistance remained in 1988 still less than 10% of the ERDF's budget.

In the EAGGF/Guidance the assistance did support Community policy. Agricultural policy was a greatly elaborated policy and offered many points to hook assistance on. In 1988 50% of the money of this Fund was spent in direct support to agricultural Community policy.

4.3. The lack of efficiency in the expenditure of the Funds was a rather obvious defect where each Fund decided on its own and on the basis of differing criteria. Therefore, the Commission formulated in 1983 a general doctrine [12] that the Funds had to be instruments of economic development and adaptation, they were not to be just an instrument for the redistribution of money. Moreover, the structural Funds had to be used for objectives which were to be laid down by the Community itself. The assistance had to be concentrated on the most seroiusly afflicted regions and according to the Community's priorities. In this way the expenditure of the Funds could also support other Community policies. To enhance its effect the percentages for co-financing had to be increased, they had to be set on a level indicated by the national and Community interest in each investment.

An increase in the efficiency of the expenditure of the Funds by a coodinated activity was achieved by the integrated programs developped since 1984, especially in the Integrated Mediterranean Progams[13]. The introduction of these latter programs went with an increase in the total amount at the disposal of the Funds. By such increase the approval of the adhesion of Spain and Portugal (January 1986) could be obtained from the EC's Mediterranean Member States.

5. The preparation for the IGC (1985) preceding the Single European Act.

5.1.The Heads of State and Government and the President of the Commission emphasize in their Solemn Declaration on European Union of Stuttgart (19 juni

1983)[14] " the importance of a definition of Community instruments and mechanisms which will permit action geared to the situation and specific needs of the least prosperous Member States in an effort to tackle their structural problems and thereby to ensure the harmonious development of the Community.".

The Spinelli report adopted by the European Parliament by resolution of 14 February 1984 [15] suggested a jump forward in this respect. In Article 73 of the federal constitution, which was part of the resolution, it is proposed:

" A system of financial equalisation shall be introduced in order to alleviate excessive economic imbalances between the regions. An organic law shall lay down the procedures for an the application of this system.".

The Statement of Stuttgart and the Spinellireport indicated the feeling on the highest political level in the Community that reducing the differences in economic prosperity was to be one of the prime targets of the Community and that instruments of a general scope had to be devised for that purpose.

5.2. However, it seemed rather difficult to make that priority operational. In the preliminary discussions for the Intergovernmental Conference of 1985 - held in the ad hoc Committee on Institutional Questions (the " Dooge Committee") - the necessity was formulated "to promote economic convergence and the solidarity amongst Member States aimed at reducing structural imbalances which prevent the convergence of living standards through the strengthening of specific Community instruments and a judicious definition of Community policies.". The concept of Cohesion was after all not mentioned or elaborated on in the Dooge report itself [16] but was touched upon by the Greek delegate in his comments which were annexed to the report. He was of the opinion that the report did not pay sufficient attention to the fact that "overall gains from economic integration are not only unevenly distributed, but may also disguise losses for the less prosperous regions. The creation therefore of an integrated market and a technological community needs to be supplemented by a very substantial effort to strengthen the Community's cohesion by promoting regional development and the convergence of living standards.".

The European Council of Milan (28/29 June 1985) ordered the Intergovernmental Conference to prepare a treaty including the subjects covered by the Dooge report and mentioned in passing "that the Community has to make every effort that the creation of a single free market contributes to furthering the more general objectives of the Treaty including those of harmonious development and economic convergence.".

6. The IGC (1985) and its results

6.1. In his opening speech of the Intergovernmental Conference on 9 September 1985 Commissionpresident Delors pointed out the necessity to define an accompanying policy for bringing about the Internal market. The fundamental question was: had this accompanying policy to be conducted solely by the Member States or also, concurrently, by the European Community. To his opinion the structural Funds, being the existing instruments for such an accompanying policy, were insufficient because they did not correspond with the idea of creating a big single market and using its dimension. Hinting at the need for a substantial increase of the Community's budget for this cause he added that it was time to express solidarity in the Europe of the Twelve and to take the consequences.

The proposal concerning Cohesion that the Commission put on the table in October 1985, consisted of 5 new articles to be inserted into the EC Treaty.

Three of the five articles dealt with improvement of the operations of the Funds. Also the possibility of the establishment of new funds and a special loan facility were provided for in the proposed articles.

In the first article of the series the concept "economic and social Cohesion" was coined and connected with the establishment of the Internal Market. The concept was not defined. It was only mentioned that cohesion must be reinforced so as to promote a harmonious development of economic activities. The reinforcement had to take place

- by a serious effort to raise standards of living,

  an objective already mentioned in Article 2 of the Treaty,

- by improving working conditions and by reducing the difference in living conditions existing between the various regions and the backwardness of the less favoured regions,

  these two objectives were already mentioned in the preamble of the Treaty.

So, in this proposed text economic and social cohesion was a comprehensive concept existing of a compilation of already in the EC Treaty included objectives. The concept reflected the intention to establish an accompanying policy to further the creation of the Internal Market. The effect of such accompanying policy was supposed to be a harmonious economic development over the whole of the Community.

6.2. The negotiations in the IGC led to a sobering up of the Commission's proposal. First the possibility of the establishment of new structural funds and the special loan facility where struck out of the proposed text.

In the formulation of the economic and social Cohesion the ultimate objective of a harmonious development of the Community was maintained, as well as the more specific objective of the reduction of the differences existing between the various regions and of the backwardness of the less favoured regions. The connection of the concept with the Internal market was loosened up. By doing so the concept was put in a wider context. This effect was reinforced by the text of a later article 130 B which provides that the Member States shall conduct their economic policy so as to attain the abovementioned two objectives. The text of the article continues by providing that the Community in implementing its policies - among which the one concerning te Internal Market - shall contribute to the realisation of the two objectives.

This text of artikel 130 B implies

- that the Member States have to aim for these objectives also in their national macro-economic policy,
- that this aim covers a concurrent power of the Community, and
- that the objectives are of a general nature, they rise above the aims formulated in specific chapters of economic policy.

In the Articles 130 A - 130 E inserted into the Treaty by the Single European Act of 1986[17] also (a better) coordination of the Funds was prescribed, and the Commission was requested to submit proposals. Moreover, the already exisiting ERDF was given a legal basis in the Treaty by describing its activity in a new Article.

Delors, the president of the Commission, was rather pleased with the result of the IGC. He declared that every member of the European Council had subscribed to the vital role of the concept of Cohesion. Agreement had also been reached about the a continuing national responsibility for economic development, about the necessity of a reinforcement of the effectiveness and coordination of financial instruments and about the prime position of the ERDF among those instruments. He characterized "economic and social cohesion" as a new idea by which the simple set up of the Community as a free trade zone with some money transfers had once and for all been left [18].

6.3 The negotiations on economic and social Cohesion got only limited attention during the IGC (1985). The establishment of the Internal Market had been the most pressing subject for discussion. The less prosperous Memeber States had already been aware in an early stage of the negotations that a stricter commitment on their behalf could not been obtained. They were satisfied with the insertion of new articles in the EC Treaty by which a continuation of transfers by the Funds was guaranteed and which would legitimate their claims for financial assistance. Other Member States were content because the text supported their position that the reduction of differences in economic development would be a national responsability in the first place, and that Cohesion had not only to be brought about by money transfers but - perhaps even to a greater extent - by other policies.

7. The implementation of the concept of Cohesion

7.1. The Commission issued in Febrauary 1987 its document about the implementation of the Single European Act, titled: "Making a success of the Single Act - a new frontier for Europe" [19]

7.2. The European Council of Brussels (29-30 June 1987) confirmed the importance of the reinforcement of Cohesion and stressed that the reform of the structural Funds had to be an important element in attaining that objective. It approved the proposed rationalisation of the objectives of the funds in 5 priorities as well as an increased assistance to programs instead of projects. It stressed a concentration on backward regions and on regions affected by industrial change. More flexibility in responding to the existing needs had to be obtained by more differentiation in the percentages of co-financing.

The European Council took note of the Commission's request for doubling the amounts at the disposal of the structural Funds over a multi-annual period in conformity with the new financial system which was under discussion at the time.

The European Council agreed to a balance to be struck between the establishment of an Internal Market and a reinforcement of the Cohesion, read: to a substantial increase of the relevant budget-items for the structural Funds. Only by such increase the assistance by the Funds could become relevant to economic development, so the European Council reasoned.

7.3. One of the following European Councils, also convening in Brussels on 11-13 February 1988, succeeded in reaching agreement about the outstanding financial questions. It agreed on a scheme of expenditures (Financial Perspectives) during the period until 1993. As regards the structurual Funds it doubled indeed the amount availabe to the Funds up to 1993 when this activity of the Community would thereby cover 25% of the total amount of the Community's budget.

The European Council defined 5 priorities for the activities of the 3 structural Funds, that is to say:

- promoting development and the structural adjustment of the less structural developped regions (Objective 1),
- converting regions seriously affected by industrial decline (Objective 2),
- combatting long-term unemployment,
- facilitating the occupational integration into employment of young people
- speeding up the adjustment of agricultural structures and promoting the development of rural areas.

Great attention was given to the method for selecting regions for financial assitance under Objectives 1 and 2. Under Objective 1 those regions could be assisted in which the per capita GDP was less than 75% of the Community average, taking the figure over the last 3 years; in any case Northern Ireland as well as the French Overseas Departments were to be included, but also regions of which the GDP is close to that of the regions indicated above and for which particular reasons exist for their inclusion in the list.

So, the European Council did not bind itself to objective criteria and left room for political dealings.

The European Council of Heads of State and Prime Ministers and the President of the Commission left it to the Council of Ministers to adopt in accordance with its guidelines and with unanimity the definitive list of regions eligible under Objective 1 and to fix the socio-economic criteria for the selection of regions eligible under Objective 2. The Commission could then implement the latter criteria and make the list of regions under Objective 2. The Commission declared in a separate statement that, for deciding on which regions an extra effort is needed, not only the average per capita GDP in the region concerned would be taken into account but also the average per capita GDP of the Member State.

7.4. By that time the Council of Ministers was already involved in the reform of the structural Funds on the basis of proposals of the Commission. These proposals were aimed at more effectiveness in the activities of the Funds. Concentration in a geographical sense as well in a thematic sense next to more cooperation and coordination between the Funds in an administrative sense. The aim at greater effectiveness came at that time with an intensified debate between economists about the actual contribution to economic development which could be made by way of moneytransfers. Mention must be made here of the Padoa Schioppa report of September 1987. In an introductory letter to the report Commissionpresident Delors vents his opinion that in order to promote the necessary monetary stability a more effective macro-economic policy by the Community is necessary of which a strengthening of the redistributive function has to be an important element. Delors then wonders: “Is it sufficient to increase the redistribution capacity of the Community budget or must we also look at the quality of the transfers themselves, at their real effectiveness.”.

Padoa Schioppa concludes in his report that the Community can only be successfull on the subject of Cohesion if, next to the Funds, also other policies so as competition policy and tradepolicy are brought into play. As regards the transfers by the Funds Padoa Schioppa considered it very constructive that these transfers combine a redistributive function with a support to Community policies. He was of the opinion that unconditional transfers only had a place in well established federal entities.

Another important conclusion in the report was that not only the per capita GDP but also tax revenues and the need for capitalinvestment had to be taken into account when measuring differences of economic development between regions in the Community [20].

7.5. The EC Council of Ministers approved already in June 1988 the important Basic Regulation[21] which marked the beginning of the reform of the structural Funds. The Basic Regulation covers the operations of the three Funds and contains the principal rules for the financial assistance by the Community. By doing so it lays out the path for redistribution of Community finance over the Member States. The total amount of the Funds is divided in indicative quota's for the Member States. These indicative quota's are the maximum amount available for assistance to every Member State.

The Basic Regulation was supplemented by a Coordinating Regulation and three other Regulations which amend the existing Regulations concerning the Funds[22]. The whole package of Regulations entered into force on 1 January 1989.

7.6. The abovementioned Community legislation was aimed at a greater effectiveness of the Funds, so it was of a rather technical administrative nature. Nevertheless, it coloured the meaning of the concept of economic and social Cohesion.

In this connection the following points seem important.

a) The basic points of the reform were laid down in rather detailed conclusions of the highest political body in the Community, that is to say the European Council of Heads of State and Prime Ministers and the President of the Commission. This is a certain indication that the realisation of Cohesion is one of the "grandes politiques" of the Community. By providing that the Basic Regulation is to be adopted and amended by the Council of Ministers by unanimity this highly political character is still underlined.

b) The ERDF was appointed primus inter pares amongst the structural Funds. The assistance to the traditionally most needy regions is mainly carried by the ERDF. Assistance under the important Objectives nrs. 1 and 2 is for two thirds carried by the ERDF. So, the implementation of the concept of economic and social Cohesion got to a high degree shape in the co-financing of developping infrastructure which is a specialty of this Fund.

c) The geographical concentration of 70% of the expenditure of the Funds on the regions under Objective 1 did not prevent a spreading of co-financing over almost every Member State. By this spread every Member State got a certain interest in the implementation of the concept of economic and social Cohesion..

7.7. Also the administrative procedures laid down in the package of Regulations mentioned under para. 7.5. contributed to the impact which the concept made on the general development of the Community. In those Regulations it was provided that a Community Framework for assistance is to be established for each of the 5 objectives under which a Member State is allowed to apply for assistance. In such Community Framework priorities for development are elaborated and financial arrangements are defined between the Commission and the authorities in the Member State. Operational programs concerning specific projects and/or measures for which assistance is sought, have to fit in the program laid down in the Framework.. By way of the Frameworks a coordination takes place between the different structural Funds of the Community (and the European Investment Bank), and also between the Community and the authorities in the Member State. This practice increases Community influence in economic programming in the Member States.

Moreover, as the Commission approves each Framework at the end of a comitology procedure, every Member State becomes aware how the criteria formulated in the Regulations are implemented. This stimulates a uniform set of appreciations for measuring economic development and promotes convergence.

8. Cohesion and EMU before "Maastricht"

8.1. Meanwhile the Community was progressing to the Economic and Monetary Union. The European Council of Madrid (26/27 June 1989) requested that preliminary discussions about an Intergovernmental Conference (= IGC 1991) to amend the EC Treaty be started. In formulating that request a connection was made between the current targets of the Community: The EMU had to be considered as the completion of the Internal Market and in the context of the Economic and Social Cohesion.

The concept of Cohesion and the Economic and Monetary Union were brought together as earlier the concept of Cohesion and the Internal Market (see para.6).

8.2. In the European Council of Strassbourg (8/9 December 1989) a sufficient majority could be ascertained for holding an Intergovernmental Conference to amend the EC Treaty in order to finalize the Economic and Monetary Union. The European Council requested the Commission to draft a report on the basis of earlier high level talks, which it had chaired. The report of the Commission dated March 14, 1990 contained no suggestions for new measures or formulations concerning Cohesion. It only mentioned that regional imbalances were a menace for the EMU in an economic as well as in a political sense. A reinforcement of the structural policy of the Community might therefore become necessary, so it said.

8.3. After the informal meeting of the Ministers of Finance at Ashford Castle on 31 March/1 April 1990 Delors declared that Cohesion would not be on the agenda until 1992 when the validity of the Regulations concerning the structural Funds would expire at the end of the year.

Also the effectiveness of the Funds would come under review by that time and financing of the Community would be arranged for another multiannual period in new Financial Perspectives. There was no direct material link between EMU and Cohesion, so he declared. The less prosperous Member States would get the same type of advantages by the EMU as the other Memeber States.

9. The IGC (1991) and the Treaty of Maastricht

9.1. The European Council of Rome (14/15 December 1990) formulated the mandat for the IGC(1991). It qualified economic an social Cohesion as part of the chapter about the economic union which had to support monetary union in the Economic and Monetary Union.

The IGC commenced on 15 December 1990. Among the proposals lodged by the Commission there were none concerning Cohesion.

9.2. However, the Member States which benefitted most of the structural Funds did not omit to draw attention to the concept of economic and social Cohesion. They wanted to be liberated of the so-called straitjacket of Regulations which governed criteria and procedures for the operation of the Funds.

Especially Spain expressed as its opinion that the Funds did not tackle the serious differences in living standards in the Community in a realistic way. Referring to the practice in more integrated federal states Spain proposed an equalisationfund between Member States. This sounded like the earlier Spinelli draft (see para. 5.1). Spain also demanded that the contributions of the Member States to the Community budget, had to take into account to be more in proportion to the relative economic prosperity of a Member State.

Thirdly Spain proposed that the Community would define specific actions aimed at reinforcing Cohesion, she mentioned the establishment of networks, actions concerning protection of the environment and actions concerning voca-

tional training. For these actions a special fund had to be established, called the Compensation Fund.
The Spanish ideas were received with great reticence by the more prosperous Member States.

9.3. During the wide-ranging negotiations at the IGC (1991) Cohesion remained a difficult question which could only be solved by the Heads of State and Governemnt themselves during the European Council meeting of Maastricht (9/10 December 1991).

Up to then the less prosperous Member States had made a little headway. They had acquired that in Article 2 of the Treaty economic and social Cohesion as well as solidarity among Member States were to be inserted as objectives of the European Community. In Article 3, that lists the activities of the Community, the reinforcement of “economic and social Cohesion” had been added. Moreover, in the draft presented by the chair just before “Maastricht”, the possibility of special actions outside the existing Funds was provided for as well as the possibility of the establishment of new Funds. Those two items seemed very much inspired by the Spanish idea of a Compensation Fund.

The chairman’s draft also included already a provision for a periodic three yearly report by the Commission on the progress made towards achieving cohesion, that could be accompanied by proposals. This article would allow the less prosperous states to have Cohesion put on the agenda apart from negotiations on Treaty-amendment as had been the case up to now.

Shortly before the European Council meeting in Maastricht the Commission lodged two proposals which made agreement about the Cohesion Chapter in the Treaty finally possible. The Commission proposed that the Community would indeed commit itself to amending its financial regime in such a way as to fix Member States’ contributions more in proportion to their GDP’s. Secondly, the

Commission proposed to establish a specific Cohesion Fund for co-financing projects in the fields of environment and infrastructure.
The two proposals were approved by the European Council. Also an addition to Article 130 B (now: Article 159) was approved in which the possibility was provided of co-financing by the Community of specific actions which proved to be necessary outside the Funds. Such actions had to be agreed upon by the Council of Ministers by unanimity.
Moreover, the European Council put together in Protocol 15, attached to the Treaty of Maastricht, the demands regarding a greater flexibility in the selection of projects and in the co-financing rates, thereby accepting these demands in principle.
9.4. The new Cohesion Fund was somewhat peculiar. In the abovementioned Protocol Nr. 15 some specifics of it were laid down. Co-financing could only be undertaken in environmental and network projects in Member States whose per capita GDP was less than 90% of the EC average.
The Fund is interesting because it creates a special category of Member States within the group of less prosperous Member States on whom the structural Funds were already concentrating under Objective 1. Typical of the Cohesion Fund is that not regions but Member States are to be the beneficients. Thirdly, co-financing by this Fund is clearly embedded in the promotion of the in the EC Treaty inserted new policies: the environment, European networks and the EMU.
In the Regulation by which the Cohesion Fund was actually established [23], the link with EMU is clearly underlined. To get financial assistance by the Cohesion Fund the beneficiary state had to submit a program of measures to comply with the requirements for economic convergence as laid down in Article 104 of the EC Treaty.

The beneficiary states covered by the 90% criterium were also named in the Regulation and their indicative quota fixed.

The Cohesionfund has a regime of its own. The Basic Regulation and the Implementation regulations already valid for the other three structural Funds are not applicable to the Cohesionfund.

9.5. The least prosperous Member States had done well at Maastricht. Their requests had been met for the greater part.They had themselves now identified as the Member States to whom the Cohesionfund applies. In Community jargon they became labelled as “the Cohesion states”.

10. The elaboration of “Maastricht” and the European Council of Edinburgh

10.1. The elaboration of the “Maastricht” Treaty took place by the European Council of Edinburgh on 11/12 December 1992. The elaboration was part of a wider set of arrangements concerning the Community budget up to the year 1999.

10.2. The decisions of the European Council were prepared by the Council of Ministers in a discussion which took place between February 1991 and December 1992 on the basis of the Commissions’ document of February 1991, titled: “From the Single Act to the Post-Maastricht period: the means for our ambitions.” [24]. For the discussion about Cohesion also the Commission’s document of 18 March 1992 concerning structural policy was of importance [25]. These papers are here only referred to as far as they relate to the implementation of the concept of Cohesion.

The analyses made in these papers demonstrated that serious differences in prosperity are directly related to differences in the availability of infrastructural facilities and of well trained labour as well as in the possibility for vocational training.

In the Commission's document of March 1992 a connection is made between Cohesion and a multispeed construction of the European Union. It states that in Maastricht Cohesion could be made one of the prime objectives of the European Community because a multispeed Europa was repudiated there.

10.3. The European Council of Edinburgh increased the budgets of the structural Funds substantially, that is to say to a total amount of 176 mrd. ECU in the period 1993 - 1999. The annual average of 25 mrd ECU must be compared to an average of 13 mrd. ECU in the period 1988 - 1992.

The Cohesionfund is a seperate budget-item under this total amount. The Cohesion states also have a substantial share in the assistance under Objective 1. Putting both sources together the maximum amount available to them in 1992-1999 doubled again compared with the amount available in the period 1988 - 1992.

The European Council of Edinburgh stressed the necessity of more geographic concentration. The Funds had to concentrate on the least prosperous Member-States, the periferic regions and rural areas. The European Council formulated also a new overall criterium: Assistance could only be granted when there was sufficient ground for the assumption that midterm economic and social gains would be commensurate with the expenditure made. This new criterium increased the discretionary power of the Commission.

10.4. The second reform of the Funds took place in July 1993. The reform consisted in a reformulation of certain priority objectives especially those which were financed by the ESF. Also the definition of tasks of the Funds was amended and a simplification of procedures was introduced. By this reform a larger spread of the regions which might benefit under Objective 1 was brought about. All Member States except Denmark and Luxemburg could from now on benefit under Objective 1. This development might be explained by the fact that the Funds were by now also considered as a useful instrument to promote the convergence of macro economic policy. Moreover, the big increase in the total amount available for the structural Funds and the proportional increase in the contribution of the Member States to the Community budget, did evoke the demand to get a greater share in return. The fact that the least prosperous Member States had in the meantime obtained a Fund of their own, the Cohesion Fund, made this line of reasoning all the easier.

11. The concept of Cohesion after "Edinburgh" and the preparation for the IGC (1996)

11.1.The responsibility of the European Comunity for strengthening Cohesion also manifested itself when Sweden, Finland an Austria became Member States. The Adhesion Treaty was signed in Corfu at 24 June 1994 and entered into force 1 Januari 1995 [26] . As regards Austria the region of Burgenland, having a per capita GDP of 65% of the EC average, was included under the regions benefitting under Objective 1. On behalf of Sweden en Finland a new Objective 6 was defined, that is to say the promotion of development or adpatation of regions which are very sparsely inhabitated.

In this way the 3 new Member States got an interest in the activities of the structural Funds. The adhesion led to in increase of the amount for the structural Funds of 6,1% or 4,7 mrd. ECU up to 1999.

11.2. The European Community started its preparation for the IGC (1996), announced in article N2 of the Treaty of Maastricht, in 1994. A so-called Reflection Group set up by the European Council of Corfu (24-25 June 1994) and composed of representatives of the Member States' Foreign Ministers made a preliminary report. The conclusions reached by the Group [27] were passed on to the Madrid European Council (15/16 December 1995).

In this report no special mention was made of the concept of Cohesion. This was not surprising as the topic of discussion had to be the cooperation between Member States in the fields of Foreign and security policy and in the field of Justice and home affairs as well as institutional amendments necessitated by the intended enlargement of the Community by the adhesion of Central and Eastern European Countries.

In the Commission's document of 8 December 1995, issued on behalf of the European Council of Madrid, a few principles were laid out for future policy concerning Cohesion. The Commission was of the opinion that a greater concentration in a geographical as well as in a thematic sense was called for. Community legislation including the facilities of the structural Funds had only gradually to be introduced in Central and Eastern European Countries because of their limited absorption capacity and their still limited administrative capabilities. Moreover, budgetary discipline had to be maintained in spite of the increased differences in prosperity in the EU by the adhesion of those Countries and their supposedly substantial needs for co-financing by the structural Funds.

11.3. The European Council of Madrid decided that the IGC (1996) would commence on 29 March 1996 at Turin. In the Conclusions of that European Council [28] meeting economic and social Cohesion is only mentioned in passing under the chapter Employment.

However, the discussion about the concept of Cohesion did continue in other institutions of the Community.

The Economic and Social Committe of the Community issued an Opinion [29] titled: The future of Cohesion and the long-term implications for the structural Funds.

On April 18, 1996 the European Parliament adopted a resolution about the EMU and the concept of Cohesion [30].

11.4. As regards the two abovementioned documents the following merits attention.

11.4.1. In the EP Resolution of 18 April the EP is of the opinion that Cohesion has primacy in the Community over EMU. Parliament requests that Title XIV of the Treaty, concerning economic and social Cohesion should be reformulated so as to prevent that this concept is seen as an adjunct to economic and monetary policy instead of a separate policy in its own right. It wants a clear definition of the concept , one that has a more encompassing meaning instead of restricting it to the General Domestic Product only.

As regards the connection between EMU and Cohesion the EP is of the opinion that both objectives do not affect each other on the condition, however, that economic policy remains targetted on real convergence, a purely nominal understanding of convergence might even widen the current disparities between the Member States participating in EMU and those preparing to enter.

Parliament sees regional policy as the key area of the long term cohesion strategy. Also the success of determined action by the Community to increase employment presupposes a regional concept, so Parliament stated.

Parliament recommends that Cohesion is seen as part of the “acquis communautaire”. The Union’s future enlargement must not have an adverse effect on those regions in the present Member States which require the assistance of the structural and Cohesion Funds.

11.4.2. In its Opinion of 28 February 1996 the Economic and Social Committee defines economic and social Cohesion as a situation in which economic and social differences between regions and groups in the Community are politically and economically acceptable. This acceptance can only be expected if the Union is seen as active in this field. The structural Funds, including the Cohesion Fund, are the instruments through which the EC is to advance the objective of Cohesion. The Committee is of the opinion that Cohesion is central to the institutional unity and the political solidarity of the European Union. It fears that any weakening in the resolve on the part of the richer Member States to promote Cohesion would bring about a fragmentation of the Community by way of multispeed integration.

The Committee fears that EMU leads to a widening of the cohesion gap. It stresses the importance of realising real convergence and sees the necessity of a redistribution scheme by which the more prosperous Member States will contribute to the development of the least prosperous ones.

12. The European Council from Amsterdam(July 1997) to Berlin (March 1999)

12.1. The Intergovernmental Conference, starting March 1996, reported to the European Council of Amsterdam (16-17 July 1997). The European Council gave much attention to, among other things, the unemployment in the EC which had grown into a serious problem. It had a special, new chapter about a Community employment policy inserted into the EC Treaty. The European Council put a link between the creation of jobs and the concept of Cohesion. The link was elaborated on by the special session of the European Council convened in Luxembourg on 20-21 November 1997 to discuss the employment situation.The Council concluded "that the structural funds had to serve employment needs wherever possible in the framework of objectives assigned to them while respecting their primary purpose, which is to enable regions lagging behind to catch up". The European Council put thus a clear ranking to the concept of Cohesion.

By the way, the words "enable regions lagging behind to catch up" cover only the first of the six objectives formulated for the structural Funds (see para. 7.3.

and 11.1.), which is indeed the centrepiece of the cohesion effort of the structural Funds.

12.2. The concept of Cohesion was very clearly positioned in the Commission's Comunication of 15 June 1997, titled "Agenda 2000 - For a stronger and wider Europe". This document deals with the prospects of a development of the Union and its policies beyond the turn of the century, with the impact of the enlargement of the Union as a whole, and with the future financial framework beyond 2000.

The Commission underlines in it that Cohesion is one of the three pillars of the European Union next to the Internal Market, and the Economic and Monetary Union. By the enlargement of the Union the disparities in the economic development in the Community will substantially increase. The importance of the concept of Cohesion for the maintenance of social and economic stability in the Community will increase in the same measure. The Commission also sketches w in the document the social and economic economic conditions which have to be promoted by the action of the structural Funds. The structural Funds have to promote an economic development based on free competition, on a sustainable growth creating employment and on a skilled, trained and adaptable workforce[31].

In its Communication the Commission also states that budgetwise the important concept of Cohesion can be done justice by limiting the expenditure for the structural Funds in the period 2000 – 2006 to the same percentage of GDP in the Union as in 1999, i.e. 0,45%. The Commission thus tried to assuage the considerable worries of the Member States concerning the impact of enlargement on the Union's annual budget. Thanks to the growth of the economy in recent times, the nominal amount which will be available under this limit will rise substantially.

12.3.The European Council of Luxembourg (12-13 December 1997) approved the Commission’s reasoning. However, she did request that in the presentation of the new Financial Perspectives for 2000-2006 a clear division would be made between expenditure for the Union in its present memberschip and the expenditure caused by the future Member-States. Definite conclusions on the subject were foreseen to be drawn during an extra session of the European Council in Berlin in March 1999 .

12.4. So as to succeed in realising proposed policies before the current Financial Perspectives for the period 1992-1999 expired, the Commission presented detailed proposals for a reform of the structural Funds already on March 18. 1998. The overhaul of the regulations concerning the structural Funds was aimed at a geographic and thematic concentration of financial assistance, decentralisation as well as a clearer allocation of responsibilities, and a simplification of the administration.

Concentration is to be achieved by reducing the existing 6 objectives to only three.

Two of these objectives would have a regional character, that is objective 1 : the development and structural adjustment of regions whose development is lagging behind, and objective 2 : economic and social conversion of areas facing structural difficulties. This last definition is more generous than the earlier objective 2 which only concerned areas in industrial decline.

The third objective focuses on the adaptation and the modernisation of national and European policies for employment, education and training. This funding will be available to all areas except those covered by objective 1.

The Commission asked for a strict application of the 75% (per capita)GDP limit in selecting the regions for funding under objective 1. As regards objective 2 a number of regions which received assistance earlier were to be removed from the list. For regions and Member States which would no longer be eligible for assistance a transitional assistance mechanism would be established.

12.5. The Heads of State or Government and the President of the Commission, convened in a special session of the European Council at Berlin on 24 and 25 March 1999, proceeded cautiously and went into great detail, as they did in Edinburgh in 1992 (zie para. 10.3.) and in Brussels in 1988 (see para. 7.3).

As regards the Financial Perspectives for the period 2000-2006 the European Council concluded that the expenditure for the structural funds might amount to 213 billion Euro, which is 33% of total expenditure of the European Union during the period. Total annual expenditure for structural funds thus averaged 0,35% of the Union's BNP. This expenditure concerns only the Union in its present membership of 15. It was supposed that from 2002 the accession of new Member States would lead to an average increase of the Union's expenditure of 9%. 68% of this extra expenditure would be caused by the new Member States participating in the structural Funds.

The European Council also divided the total amount reserved for the structural Funds over the three objectives. Almost 70% of the amount had to be spent on objective 1. In 1988 and 1992 this objective got the same priority. The European Council also appointed the regions which are to be covered by objective 1, that is regions in which the per capita GDP is less than 75% of the EU average. Regions which are no longer eligible under this criterium will profit from a transitional assistance mechanism the cost of which is not to surpass 4,3% of the amount allotted to objective 1. The region Lissabon, East Berlin, Hainaut and Ireland got guarantees in nominal amounts. Moreover Greece, Ireland, Portugal and Spain got the guarantee that the per capita amount of assistance would not be lower than the 1999 amount. The deviations from the strict 75% rule, which were sanctioned in this way, embody a political compromise. Nevertheless, the arrangement concerning objective 1 contains the most concrete manifestation of

the concept of Cohesion. By far the greater part of the amount has thus been channelled to the most backward areas.
Objective 2 got 11,5% of the total amount for the structural Funds. The same type of assistance had been allotted under the 1992-1999 Financial Perspectives to regions covering 25% of the Community population. However, under the new Perspectives no more than 18 % of the Union's population might be covered. The Commission will fix indicative amounts for every state which will submit a list of regions which meet the criteria to be established by the Council of Ministers. Also under objective 2 a transitional mechanism will be provided for in favour of the areas which would no longer be eligible for assistance under objective 2.
Objective 3, development of human resources got 12,3% of the amount for the structural Funds. The Commission wil allot an indicatif amount to every Member State in proportion to the eligible part of the population in the EU.
As a general limit the assistance might never be surpass 4% of the GDP of a Member-State.
The assistance always consists of co-financing national programs and measures. The co-financing rate under objective 1 is to the most 75%, under objectives 2 and 3 the maximum is 50%. For the Cohesioncountries the co-financing rate of the Cohesion Fund however, might amount to 85%.
The European Council retained the Cohesionfund as part of the Community instrumentarium for implementing the concept of cohesion. So, the 4 Cohesion countries, Ireland, Greece, Portugal and Spain, kept their special position. The Cohesionfund got 8,5% of the total amount for the Structural Funds. The amount would be diminished when one of the 4 states was nog longer eligible for assistance out of this Fund. The Council emphasized the desirability of combined financing with the national budget government expenditure or private investments in order to extend the leverage of this Fund.

The Council stressed the necessity of a decentralisation of responsibilities in the operation of the Funds. National authorities had to carry this reponsibility and had to report to the Community regarding their financial control of measures taken.

12.5. The European Council of Berlin did in fact not alter implementation of the concept of Cohesion by the structural Funds in a substantial way. The budgetary discipline exercised by the Commission, the favourable economic climate and the idea that the impact of the enlargement would only be gradually make itself felt, made a more substantial reform out of order, so it was felt.

The only striking difference with earlier Financial Perspectives was that the total sum for the structural Funds this time only rose by a mere 37 bill. Euro or 21%, that is an average annual rise of 3%, whilst in the Financial Perspectives of 1988 and 1992 a doubling of the amount for the structural Funds was undertaken.

13. Summing up/Conclusive remarks

1. The task of the Community nowadays referred to as economic and social Cohesion has already been recognized from the beginning of the European Community by the co-financing of national adaptations made necessary by Community policy concerning the customs union and/or the agricultural policy. At the time the greatest part of the financial assistance was spent on the least prosperous Member States. In this way co-financing of national measures by the European Social Fund and by the European Agricultural Guarantee and Guidance Fund/Guidance occurred as an accompanying EC measure in certain specific EC policies.

2. This situation changed by the establishment of the European Regional Development Fund in 1975.
Reducing regional imbalances, caused by the dominating position of agriculture or of industrial changes and by structural unemployment, became a task of the Community. This task contained a more general purpose which brought the activity of the ERDF and, later, of all three structural Funds closer to the objective of convergence of macro-economic policy in the European Community. The Member States were only prepared to define this more general activity in a comprehensive concept in 1986, when the concept of economic and social Cohesion was inserted in the EC Treaty by the Single European Act. This became possible because the Community was willing at that time to make available the greater amount of money which went with such a general commitment. The gain which the Member States expected at that time from establishing the Internal Market, made the more prosperous Member States willing to cooperate in the necessary increase of the Community's budget.

3. Introducing this concept in 1986 implied that reducing the differences in prosperity became an objective of the Community, an objective that surpasses the aims of the separate Funds and in principle touches upon any policy of the European Community.
The concept covers a concurring power of the Community and of the Member States. Art. 159 jo. Art. 10 of the EC Treaty requires the Member States to have this Community concept also as a standard for their national policy.

4. In spite of the comprehensive content of this concept the structural Funds became labelled as t h e instruments to realise Cohesion.
Also in the Commission's Report of 6 November 1996 on the progress made in economic and social Cohesion[32] the contribution of non-structural measures to

Cohesion is referred to, but progress could only be made visible by showing how much the co-financing by the structural Funds contributed to a reduction of the GDP(per capita)-gap between the more and the less prosperous Member States and regions.

5. The general character of the task laid down by this concept and the limited amount of available money led to the fixing of geographical and thematic priorities for allocating financial means for assistance. So, while aiming at the general goal of an increase in living standards in specific regions the projects and/or measures to be co-financed by the Community became selected according to at a certain moment accentuated Community policies. In this way Cohesion has been put to the service of supporting the establishment of the Internal Market as well as of promoting the cultural policy of the Community. A recent example is the use of the structural Funds for implementing the Pact on employment (see also para. 12.1)[33].

6. Although Cohesion is mentioned in one breath with the Internal Market and with Economic and Monetary Union as the pillars of Community policy in Article 2 of the EC Treaty, there is a certain order among priorities. Mrs. Wulf-Mathies, Member of the Commission, presenting the Commission's report mentioned under 4., gave the concept of economic and social Cohesion the highest ranking. She stated that reducing regional disparities is intrinsically connected with the European society-model. This model implies that Member States see to it that differences in prosperity diminish, that poverty is fought against and that the labourmarket is accessible to all.

7. The European Single Act of 1986 crowned the earlier activities of the structural Funds by introducing the concept of economic and social Cohesion into

the Treaty. This fact had to be accompanied by a doubling of the total amount available to the structural Funds. In 1993 another doubling of the amount took place , at least on behalf of the Cohesion States. So, the concept of economic and social Cohesion is as well a consequence of the earlier achievements and experiences of the structural Funds as of the financial willingness of the Member States. This conjoint occurence makes it understandable that the concept was formulated in such a way that it can only be used as a political standard and not in a juridical sense.

8. This financial willingness has a dynamic of its own. The veto-power in the decisionmaking of the Community which may be used by the less prosperous Member States is an important factor in this respect. This will manifest itself as long as the financial regime of the Community and the basic regulations for the structural Funds have to be decided on by unanimity.

9. As from the beginning of the activities of the Funds there has been an allocation of an (indicative) maximum amount for the assistance of every Member State. Taking into account the relative contributions of the Member States to the Community-budget one may observe that there has always been a degree of solidarity in the financial context; there have always been netto-contributors to and netto-receivers from structural Funds.
This observation also points to the natural connection between Cohesion and the the Community-budget. The connection manifested itself very clearly in the drawn out discussion (1974 - 1984) concerning the British contribution to the Community budget as well as during the European Council of Maastricht in December 1991 (para. 9.2) when the less prosperous Member States demanded that their lower per capita GDP had to be taken account of when calculating their contributions. Both occasions led to an amendment of the Decision on the

system of the Communities' own resources. Favouring a Member State in this way leaves it with more money at his disposal, and thus creates the same effect as a grant by a Structural Fund. The disadvantage for the Community of acting in such a way is that the implementation of the concept of economic and social Cohesion can then not be conditioned to the support of the Community's policies.

10. The Economic and Social Committee of the EC mentions in its Opinion of 28 February 1986 that economic and social Cohesion is central to keeping institutional unity and politcial unanimity in the European Union (see para 11.5). This connection between Cohesion and the unity of the Community had already been hinted at by the Commission in its document: "From the European Act to the post-Maastricht period: the means of our ambitions" (see para. 10.2). Where the Treaty of Amsterdam leaves the door open for a derogation from this unity by introducing the concept of flexibility, the question arises if a certain nuancing of the concept of Cohesion does not become indicated. For the Community can only commit itself to the fullness of the concept of social and economic Cohesion vis-a-vis the Member-State which commits itself to the total "acquis" of the Community.

11. The implementation of the concept of Cohesion has up to now mainly been carried through by the activities of the structural Funds [34]. With the development
of macro-economic policies by the Community it seems right to use in near future a more varied instrumentarium to promote cohesion in the Community.

Malden, August 2000

NOTEN

[1] See Edward Roberts*, The power of the purse. A comparative study concerning financial transfer systems in the Commonwealth of Australia, the federal Republic of Germany, and in the European Community* (dissertation, Leyden University, 1996)
[2] See Act no. 85 of 1978 amending art. 3 (a) of the States (Personel Income sharing Tax Sharing) Act 1976
[3] Art. 23 of the Single European Act (signed at Luxemburg/The Hague, 17/28 February 1986) inser ting Art. 130A - 130 E (now: Art. 158 – 162) in the EC Treaty under the heading " Economic and Social Cohesion".
[4] Art. G 2 of the Treaty on the European Union (signed at Maastricht 7 February 1992 – text in OJ 1992, nr. C 191) amending Art.. 2 of the EC Treaty.
[5] Now: Title XI. Chapter 2, Art. 146 -148 of the EC Treaty
[6] Decision by the Council of Ministers of 21 April 1970 on the replacement of financial contributions from the Member States by the European Communities' own resources (OJ of 28 April 1970, nr. L94) and Treaty of 22 April 1970 amending certain budgetary provisions (OJ of 2 January 1970, nr. L2)
[7] OJ of 4 February 1971, nr. L 28
[8] Signed at Brussels, 22 January 1972, text in O.J. of 29.3.1972, nr. L 73
[9] Communiqué of the Conference in Bull. EC 12-1974, pt. 1104.
[10] Text in O.J. of 19.5.1975, nr. L 128/1
[11] Text in O.J. of 19.5.1975, nr. L 128/1
[12] See document of 29 July 1983. Text in Suppl. Bull. EC 3/ 83
[13] See Regulation nr. 2088/85. Text in O.J. of 27.7.1985, nr. L 197/1

[14] See Bull. EC 6 - 1983, pt. 1.6.1.
[15] O.J. of 19.3.1984, nr. C 77/33
[16] Text in Bull. EC 3 - 1985, pt. 3.5.1.
[17] The final text of the Single European Act was established by the Council of Ministers of the Eco nomic Community of 17/18 December 1986 and entered into force on the 1st of July 1987 (text in OJ of 29.6.1987 nr. L169)
[18] Text in Bull. EC 11 -1985, pt. 1.1.2.
[19] Text in Suppl. Bull. EC 1/87
[20] T. Padoa Schioppa, *Efficiency, stability and equity, a study for the Evolution of the economic system of the European Community*, Oxford University Press, 1987
[21] Regulation on the tasks of the structural Funds and their effectiveness and the coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments (O.J. of 15.7.1988, nr. L 185/9).
[22] All texts in O.J. of 31.12.1988, nr. L 374
[23] O.J. of 25.5.1994, nr. L 130/1
[24] COM (92)2000. Text also in Suppl. Bull. EU 1/92
[25] COM(92)84. Text also in Bull. EU 3 - 1992, pt. 1.1.5.
[26] Text in O.J. 1994 C 241/9 and in O.J. 1995 L 1/1
[27] Text in Bull. EU 12 - 1995, pt. 1.97. - 1.111.
[28] Text in Bull. EU 12 -1995, pt. 1.2. - 1.111.
[29] Text in O.J. of 28.5.1996, nr C 153/5
[30] Text in O.J. of 13.5.1996, nr C 141/265
[31] Commissiedocument Com(97)2000def.Vol.1 of 15.7.1997 p.17.
[32] Com(96)542def./2 of 8 April 1997
[33] Adopted by the European Council of Florence (June 1996), text in Suppl. Bull. EU 1996/4
[34] A notable exception is Competition policy. In accordance with its Guidelines (see OJ of 10.3.98 nr. C 74) the Commission dovetails its practice of derogation while reviewing cases of structural state aid with the criteria it uses in its financial assistance by the structural Funds under objective 1.

Documentatie

Bulletin of the European Union, monthly issue by the European Commission

Bulletin Quotidien Europe, daily issue by Agence Europe S.A., Luxemburg

General report on the activities of the European Union, annually issued by the European Commission

"De Europese Akte – een keerpunt in het Europese Integratieproces" [The Single European Act – a turning-point in the European integrationprocess] by Dr. E.J.Ph. Roberts in "De waterdragers van het Nederlandse Europa beleid" [The watercarriers of the Netherlands European policy] ed. H.H.J. Labohm, 1997
