

CO-ORDINATION OF REGIONAL POLICY BETWEEN: a) EU - MEMBER STATES AND b) NATIONAL - REGIONAL / LOCAL AUTHORITIES

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Regional differences in living standards within individual nations are sometimes considerable. And when nations join together in an economic community such as E.U., the regional disparities within such kind of community are likely to be very wide indeed. Moreover, one of the consequences of economic integration is to cause major dislocation in depressed regions. And this will happen, unless Policymakers take action to prevent this from happening.

The division of Regional Policy responsibilities between the E.U. Authorities and its individual Member States remains a contentious issue. Hence, considerable disagreement exists over the role that each party should have. In my opinion, while sound reasons and powerful arguments can be advanced for the centralization of Regional Policy in E.U.'s Authorities, there is nothing in those reasons and arguments which implies that the E.U. should be solely responsible for Regional Policy within the Union and that Member States have no role to play. Indeed, as it has been already mentioned in previous chapter, a strong case can be made against complete centralization of Regional Policy. In this case the individual Member States and Regional/Local Authorities also have an important role to play and this role needs to be protected since there are considerable dangers in over-centralizing policy powers. In principle, there is no reason why Regional Policy powers should not be divided between the E.U.'s Authorities and its Member States, given that each party has its own distinctive role to play. Specifically, on one hand the E.U. has its own important role to play, in generating financial transfers to its Member States (through E.U.'s Authorities, i.e. CSF, ERDF, EIB etc.) with the worst regional problems, and in helping to co-ordinate Regional Policy across the E.U. too. Member States, on the

other hand, have a major role to play in financing (through the National Sector), implementing and adapting their own distinctive Regional Policies to the needs of specific geographical areas in order to be more effective. Consequently, we can say that the resulting diversity of Regional Policy in Europe should be seen as a strength and not as a weakness.

As far as the decentralization of Regional Policy from National Authorities (Central Government of Member States) to their Regional/Local Authorities concerns, the main positive and negative points that compose this process are summarized as follows:

1. There is a strong case for allowing Regional/Local Authorities to develop their own Regional Policy initiatives. These would, of course, need to be closely coordinated by the National Government, just as the Regional Government itself would need to coordinate initiatives between different Local Authorities.

2. The devolution of some fiscal policy powers, but not those which would allow Regional Authorities, Regional Governments to expand their economies by operating major budget deficits, could have substantial advantages for depressed regions.

3. Complete Decentralization of Regional Policy would be an extreme situation, because the Regional/Local Authorities in the depressed regions due to their depressed condition could not raise tax revenues and moreover borrowing on a large scale is neither possible nor desirable. Therefore depressed regions will continue to rely on transfers from the Central Government or the E.U. even if fiscal powers are substantially devolved. Hence it is misleading to think that Regional/Local Authorities in the depressed regions can spend their way to prosperity given that they could not alone control Regional Policy.

4. Since the Central Government will have full control over these fiscal transfers, fears that devolving fiscal powers will threaten stabilization policy are greatly exaggerated. The danger here is not that the depressed regions will go on a wild spending spree, but rather that the Central Government will starve them of the fiscal transfers which they so desperately need, and.

5. It should be noted that many countries that have Federal System of Government seem to have found it possible to give Regional/Local Authorities substantial powers over taxation and spending without this having significantly adverse effects on their control over the macro-economy. This fiscal freedom in countries with federal governments may well help to point the way towards future developments in Regional Policy in countries with more centralized political systems.

The above mentioned points indicate that the full-scale devolution of fiscal, monetary and trade policy powers to Regional/Local Authorities offers little hope of a solution to regional economic disparities. In my opinion, this does not, however mean that Centralization is the best policy. On the contrary I believe that a partial devolution by which fiscal policy powers are the only devolved and monetary and trade policy remain the prerogative of the Central Government, could lead to some relaxation of the rigid central of fiscal policy and by this way it could greatly stimulate the attack on regional problems from within the depressed regions themselves.

In Greece, the above mentioned System will be succeeded only when the Regional/Local Authorities will be radically reorganized. Reorganization that presupposes the preponderance of equal technocratic investment criteria and transparency in regional distribution of the Public Investment Program. And this could be happened if the Central Public Administration was independent in order to ensure that regional problems should be solved by Regional/Local Authorities that have detailed knowledge of their own areas and the problems they faced, assisting by Central Government (National Authorities) or E.U's Authorities. Hence, this scheme would contribute to Regional Development and to implementation of an integrated strategic planning of development, innovation and adaptation to the needs of European integration and technological progress. Consequently, we can say that by the implementation of the above mentioned planning, the role of project management would be very important. Because it would contribute on one hand to the increase of credit worthiness of the entire country and on the other hand to amelioration of the grade of economic resources absorption from the second CSF. Therefore, the expected benefit it is possible to create a new emulation environment. Such environment would encourage the involvement of Regional/Local Authorities in solving the problems of their depressed regions and also create a feedback dynamic process (Friedmann 1973) of infrastructure and development.

Concluding I would like to add that in order to be more promising the E.U.'s Regional Policy, the adoption of a «Shift and Share Analysis» by the National, Regional/Local Authorities will be useful and profitable because it shows: a) the degree of employment change in a country or in a region b) the sectional structure of a region and c) the existence of local strength in a region that contributes to its development. Hence this method enables the National, Regional/Local Authorities and Policymakers to suggest the appropriate measures of Regional Policy, and by this way it becomes the guideline for programs and projects analysis, as a task to be dealt with in collaboration between E.U. services and National, Regional/Local planning bodies.

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