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A Punctuated Equilibrium Approach*

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THE RISE OF THE EUROPEAN TERRITORIAL CO-OPERATION POLICY. A PUNCTUATED EQUILIBRIUM APPROACH

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Abstract

In just 20 years, territorial co-operation (TC) has transformed from a marginal issue into the number three objective of European Union regional policy. How to explain this spectacular evolution? The dramatic rise of TC is the result of a series of factors originating at the signing of the Single European Act in 1986. The dissolution of internal borders generated unanticipated economic losses in EU border areas. Recognition of this border crisis increased the mobilisation of institutional entrepreneurs to lobby European Community institutions, which agreed to launch an innovative TC policy. Subsequently, the financial pressure exerted by the latest enlargement of the Union favoured the progressive mainstreaming of TC.

Résumé

En à peine 20 ans, la coopération territoriale (TC) est devenue l'objectif trois de la politique régionale communautaire. Comment expliquer cette évolution spectaculaire ? L'essor de la TC est dû à une série de facteurs apparus après la signature de l'Acte Unique Européen en 1986. La dissolution des frontières internes généra alors des pertes économiques inattendues dans les régions frontalières européennes. La reconnaissance de cette crise frontalière favorisa alors la mobilisation d'entrepreneurs institutionnels afin de mener une campagne de lobbying auprès des institutions communautaires qui acceptèrent finalement de lancer un programme pilote dédié à la TC. Depuis, la pression financière exercée par le dernier élargissement de l'Union a favorisé l'intégration de la TC aux politiques structurelles.

Keywords | Mots clés

*Cross-border co-operation, structural funds, punctuated equilibrium, policy change
Coopération transfrontalière, fonds structurels, équilibre ponctuel, changement de politique publique*

INTRODUCTION

After many years of experimentation, territorial co-operation (TC) has converted into a priority for the European Union, as demonstrated by recent developments in EU regional policy. First, the transformation of the INTERREG programme into Objective Three of the EU's 2007-13 structural funding shows that socio-economic cohesion through territorial co-operation is of great importance to European Community institutions (Council of Ministers, 2006). Second, the Community institutions have recently established a new legal structure for TC. Since 2006, the European Groupings of Territorial Co-operation (EGTC) support official contracts between local, regional, and state actors while simultaneously allowing them a certain amount of flexibility (European Parliament and Council of Ministers, 2006).

This article is therefore very functional in aim. It raises the question of how TC has shifted from a simple claim to a marginal and then innovative issue, finally becoming the third priority of the current programming period of European regional policy. In other words, we aim to explore the process of policy change which has converted TC into a priority for the EU.

In this paper, we define TC as a policy promoting all types of negotiated actions between the public institutions of at least two territorial entities. This definition embraces a wide range of policy *praxis*, from simple co-operation agreements between two hamlets to the creation of large cross-border euroregions. Nowadays, TC

divides into three strands: *cross-border co-operation* between regions sharing a common border; *transnational co-operation* between states with regions sharing a common border; and *interregional co-operation* between regions within the EU (Harguindéguy, 2007). In terms of political and economic involvement, cross-border co-operation remains the most important part of this policy area, representing the lion's share of the TC budget.

Of course, TC is not specific to the EU. All around the world, *paradiplomacy* has increased considerably since the 1970s, and many cities and regions manage their own foreign policy through international associations of sub-state governments and “euroregions” (Michelmann and Soldatos, 1990; Perkmann, 2003: 153-171). Nevertheless, unlike agricultural or industrial policy, TC is not a traditional state policy transferred to the EU. Starting as a new innovation in the mid-1960s, TC has grown in parallel with the EU itself. Indeed, the EU has always been an important promoter of TC since its inception, through a large number of studies and exploratory programmes conducted in border areas (Sunnen, 1970: 154-178). Nevertheless, starting in the 1990s, the EU also began to provide specific grants for TC (TACIS, *Technical Assistance to the Community of Independent States*; PHARE-CBR, *Poland Hungary Assistance for Restructuring the Economy—Cross-Border Relations*; INTERREG, *International Regions*), among which INTERREG was without a doubt the most important.

Although TC has generated a large set of studies focusing on changes linked to this new type of territorial governance (Perkmann and Sum,

2002; Kramsch and Hooper, 2005), few authors have focused on TC policy itself as a research field. This is regrettable as this policy sub-system provides an excellent case study for examining the dynamics of policy change.

Our main claim here is that classical theories of “policy change” cannot adequately tackle the essence of this evolution. Actually, the progress of TC has represented neither a bargaining procedure among rational political representatives (as the rationalists state); nor an incremental administrative process leading toward inclusion of the interests of all European territorial actors (as incrementalists suppose); nor a mere sub-system change in policy related to a global paradigm shift (as constructivists argue). Drawing on the Punctuated Equilibrium Model (PEM) developed by Jones and Baumgartner (2005), we argue that the dramatic rise of the European TC policy since 1988 is the result of a series of factors rooted in the signing of the Single European Act (SEA) in 1986. Using the “bandwagon effect” concept described by Jones and Baumgartner (2005), we aim to demonstrate that the creation of TC is mainly a “collateral” consequence of the SEA’s enforcement in 1992, and also of the EU restructuring led by the Delors Commission. Firstly, the disappearance of internal borders generated unanticipated economic losses in some border areas. Secondly, fears of a border crisis increased the mobilisation of institutional entrepreneurs to lobby Community institutions, making their discourse more audible by way of the newly empowered Commission. Finally, during the late 1990s EU expansion, the necessity to maintain a minimal level of re-distribution among old member states through new channels pushed Commissioners to

decide to mainstream the territorial co-operation policy definitively. This article is based on research undertaken during the academic years 2002-08 under the auspices of the PhD programme of the Department of Social and Political Sciences of the European University Institute of Florence. Research consisted of a series of 40 semi-structured interviews with political leaders, civil servants, and policy evaluators involved in INTERREG management; also an extensive review of literature on TC and policy change and “grey literature” from different territorial institutions and the Archives of the European Communities, located in Florence. Following V. Guiraudon (2003: 263-282), we deliberately tried to identify when TC started and when it changed (time dimension), why it shifted from being a pilot-project to a mainstreamed objective of EU regional policy (formal dimension), and why a particular policy toolbox was adopted (content dimension).

This research comprises two parts, first questioning the relevance of our theoretical framework for the study of European issues, then analysing the evolution of TC policy as divided into three epochs (pre-history, genesis, and institutionalisation) based on a set of institutional venues and competing policy images, and ruled by stabilising or de-stabilising forces.

WAITING FOR A CONSISTENT POLICY CHANGE THEORY TO EXPLORE EUROPEAN POLICIES

Competing Theories of Policy Change

First of all, we propose to focus on a sub-sectoral policy – namely TC – which is part of a broader sectoral policy: the European Union regional development policy. As we said, TC policy can also be divided into three sub-units (cross-border, transnational, and interregional co-operation policies). In the same way, and following the analyses of P. Sunnen (1970: 154-178), who states that TC has always existed at the EU level (even in an implicit way), we intend to analyse the construction and evolution of this sub-sectoral policy over five decades (1957-2007) in order to identify regularities in the development of TC, and to understand its connections with other European programmes. Drawing on the seminal analyses of Sabatier (1988: 129-167), Rose and Davies (1994), and Howlett and Ramesh (1998: 466-481), we define policy change – a sub-field of policy analysis that has grown considerably in recent years (Bennett and Howlett, 1992: 275-294; Capano and Howlett, 2009: 1-5; Capano and Howlett, 2009) – as all those relevant modifications related to the set of actors involved in a policy programme, including its leading institutions, the measures implemented, and the political discourse which legitimates such policy.

There are rival explanations for understanding the patterns of policy change. Rationalist theorists use a rational-choice model to explain (and predict) the behaviour of policy actors (with ordered and stable preferences, and easy access to past and future information)

(Heckathorn and Broadhead, 1996: 235-260; Wagner, 2003: 576-595). These theories are extremely efficient in explaining policy dynamics when a decision has been debated, considered, and planned in a bureaucratic fashion, since in this context it seems difficult not to attribute particular sets of reasons to the actors in question. Nevertheless, through this framework, the analysis of the TC policy would necessarily stop at 1988. There is currently no evidence that the “masters of treaties” (the Council, the Commission, or the Parliament) seriously bargained with TC supporters, or that the former were piloted by the latter through a “principal-agent” scheme. According to this framework, Community actors should have limited the claims of TC lobbyists even after the SEA came into force.

From another viewpoint, incrementalist theories appeared in the 1950s with the aim of amending the existing rational models of analysis of human behaviours. Following the analyses on bounded rationality proposed by H. Simon (1957), incrementalist authors stress that decision-makers are subject to cognitive limitations (attention and emotion) in making choices. Because of their very limited capacity to deal with contexts of uncertainty, human beings face serious limits to planning long behaviour sequences; furthermore such limitations do not solely affect the expected outcomes of an action but also the very definition of the problem to be addressed. As a consequence, policy-makers tend to adopt “adaptive” decisions (for example by “recycling” previous policies to tackle new problems) which are often “sub-optimal” when considered globally (non-contextually) (Lindblom: 1959; Cohen, March and Olsen, 1972: 1-25; Kingdon: 1985). But, as in the precedent case, an incrementalist perspective

would meet difficulties in explaining why European policy-makers chose to invent a new, specific programme in 1988 in favour of border regions. At that point, border areas were already taken into account by existing regional policies that were perfectly able to deal with the so-called “border crisis” announced by TC lobbyists.

In the same way, constructivist theories of the policy process insist on the ideational changes which orient the evolution of policy course. Hence P. Hall (1993: 275-296) convincingly described the conservative/neo-liberal “paradigmatic transition” of British economic policy from Keynesianism to monetarism in the 1980s; and B. Jobert and P. Muller (1987) stressed the changing “global referential” of French agriculture in the early 1980s, illustrated by the symbolic shift from the “peasant” to the “agricultural entrepreneur”. Nevertheless, these analyses of large-scale sectoral changes tend to over-emphasise the economic dimension of the problem and run the risk of underestimating the variety and timing of sub-sectoral changes.

In all three theoretical groups, U-turn policy changes are assessed through a *deus ex machina* explanation, where the modification of actors’ endogenous preferences are explained by exogenous events. Drawing on these approaches, the PEM nonetheless intends to overcome their limitations by proposing an alternative explanation based on Simon’s works on memory and a consistent sociological analysis of internal interactions occurring within policy sub-systems (Jones, 2003: 395-412).

The PEM as a Complete Theory of EU Policy Change

First advanced as an explanation of the development of differences

among species, the policy punctuation model was created by Baumgartner and Jones (1993) to study the dynamics of agenda setting and conflict expansion in policy sub-systems over time (e.g. American Congressional hearings, nuclear power, budgetary policy); later, the model was generalised to embrace the whole field of public policy (True *et al.*, 1999: 97-115).

In liberal democratic societies, the course of public policy usually tends toward long periods of stability whose evolution is ruled by day-to-day arrangements. Nevertheless, dramatic reversals do occur – so how to explain them? Following Baumgartner and Jones (1991: 1044-1074), a single process based on two independent variables can explain the succession of extreme stability by rapid bursts of change. Such a process consists in “[...] *the interaction of beliefs and values concerning a particular policy, which we term the policy image, with the existing set of political institutions – the venues of policy action.*”

On the one hand, the *policy image* is a mixture of empirical information and emotive appeals related to core political values which can be discussed in a positive or negative light (e.g. in the case of nuclear, the promise of cheap energy is frequently opposed to the nuclear hazards symbolised by Chernobyl). Indeed, the representations of a policy problem produced by a set of venues are constituted both by scientific evidence and by emotion.

On the other hand, the *policy venues* are institutional arenas which group together policy actors and control a given policy area. Some policy problems are monopolised by stable networks over long periods, as illustrated by the case of the tobacco industry until

the 1970s; however, a pluralist society will offer a wide range of political venues – from Congress to the mass media *via* civil society associations – which can be mobilised and serve as avenues of appeal for the disaffected.

In the PEM approach (Baumgartner and Jones, 1991: 1044-1074), political actors employ a dual strategy consisting in “[trying] to control the prevailing image of the policy problem through the use of rhetoric, symbols, and policy analysis”, and “[altering] the roster of participants who are involved in this issue by seeking out the most favourable venue for the consideration of their issues.” Indeed, disaffected people are constantly looking for new political arenas able to support their claims – a process known as *venue shopping*.

Obviously, the stability of policy arrangements varies from one sub-system to another. In essence, image and venue interact in a self-reinforcing fashion: when images are in flux – or venues are quite unstable – positive feedback for change is made easier according to the “*bandwagon effect*” (where a series of small, repeated events progressively increase instability); on the other hand, when the forces for change are too weak, cognitive and institutional frictions reinforce a negative feedback pattern, and stability is expected. Such processes are not completely under the domination of policy-makers, since the process of “*emotional contagion*” which operates during the collapse of a sub-system – and especially after a traumatic experience (nuclear catastrophe, terrorist attack...) – also tends to accelerate the policy shift from an existing set of images and venues to a new set (Jones, 2003: 395-412). Thus, the story of a policy sub-system is composed

by different *epochs* defined by a consistent set of images and venues and bordered by historical crises (Jones *et al.*, 1998: 1-33).

At first glance, the PEM was developed to deal with U.S. politics by focusing on the evolution of the structure of the U.S. budget (Jones *et al.*, 1998: 1-33), of U.S. Congressional hearings (Talbert *et al.*, 1995: 383-406), and of the arms industry (True and Utter, 2002: 216-241). Nevertheless, as a system characterized by “multiple entry doors”, the European Union can now be considered a pluralist transnational institution (Schmitter and Streeck, 1991: 133-164). As a result, the PEM is currently one of the most-used approaches for analysis of the specificities of the EU agenda, focusing on the multi-level interactions that structure EU politics within specific policy sub-systems (Mazey, 1998: 131-152; Wendon, 1998: 339-353; Guiraudon, 2003: 263-282; Baumgartner *et al.*, 2006: 959-974).

THE PRE-HISTORY OF TC: A STABLE PERIOD OF INTERGOVERNMENTAL ARRANGEMENTS (1957-86)

The Council of Ministers as Unique Relevant Policy Venue

At its very beginning, in 1957 (Treaty of Rome), the European Economic Community (EEC) was an intergovernmental polity. Actually, among the three associations grouped in 1967 to create the European Communities (the EEC, Euratom, and the European Coal and Steel Community, or ECSC) political power was retained in the hands of the member state representatives at the Council of Ministers. The other organisations of the EEC *triumvirate* – namely

the Commission and the Parliament – were at that time merely consultative agencies (Hoffmann, 1966: 862-916).

The above statement perfectly applies to the field of TC, where from 1957 to 1988 no actors managed to impose any specific policies for border regions against the will of member states. Indeed, regional policy was evoked from an institutional viewpoint for the first time in 1961, during a conference organised by the Commission on the economic problems of European territories, and through a series of contacts between commissioners and deputies of the European Parliament in 1963. This was the starting point of a study on possible industrial cross-border co-operation between Luxemburg and Lorraine, which was followed by research on border regions (Limburg, Charleroi, Saar, Lorraine, etc.) conducted by the ECSC.

In 1966, the Bersani Report stated the need to implement a vigorous regional policy at the European scale in order to maintain socio-economic cohesion. The Commission in general – and General Directorate XVI in particular – had to innovate in order to maintain its position within the new bureaucratic framework of the EEC in respect to the Council.¹ Actually, control over future regional policy was an important issue that no European institution wanted to lose. Nevertheless, the concrete management rules of this new programme were not as yet decided, and this moment of relative confusion seemed a good time to foment a border policy, as demonstrated by the efforts of Commissioners to place border regions on the EEC policy agenda. Indeed, one of the Bersani Report's first drafts (11th of May) explicitly

1 Interview with a civil servant from Directorate General Regio, Brussels, 2003.

stated that “[...] *border regions are confronted to specific problems within the Community*”. Later, the President of the Commission declared on two occasions (in 1968 and 1969) before the Parliament that “*border regions deserve our whole attention within the Community framework.*”

At the same time, the Commission was preparing an ambitious survey regarding the opportunities for co-operation between Twente, Oostelderland, Westmünsterland, and Grofschoft, pressed in 1971 in Bonn by the incipient European “civil society” through the creation of the AEBR (Association of European Border Regions, one of the first regional governmental groupings in Europe) by the representatives of ten Dutch-German border regions already grouped into cross-border organisations (Euregio, Regio Basiliensis, Regio Rhein-Waal, etc.). Nevertheless, no border policy appeared; the Commission had other priorities, since it was embroiled in running battles with the Council over attempts to escape the control of member state governments.

The European Regional Development Fund (ERDF) was finally created in 1975 by the Council of Ministers as an intergovernmental system of financial compensation. At its very beginning, ERDF completely depended on member states: a system of quotas ruled financial transfers for member states, areas to receive help were decided by state governments, and ERDF grants represented only 4.8% of the European budget. However, this system quickly proved itself inefficient: regional subsidies were handed to all and sundry and were artificially used to finance national projects. This European regional policy departed from its primary objective of harmonious development.

The ERDF was reformed for the first time in 1979, and this reform consisted in handing part of the regional policy budget to European commissioners in order to finance projects in poor areas. The so-called “ex-quota section” reached 5% of total ERDF spending, and some “specific actions” were implemented through this mechanism. Moreover, this system supposed the transfer of new competences and experts to the Commission for analysing the territorial disequilibria of Western Europe. This new legitimacy of the Commission was used by Community outsiders to press their project of border policy.

The first concrete initiatives in favour of TC were launched in 1978 by the members of the Permanent Conference of Local and Regional Authorities – a regional association member of the Council of Europe – who approved the Bordeaux Declaration for promoting European regions as “[...] *an ideal recipient for cross-border co-operation.*” On 21st of May 1980 in Madrid, the representatives of the Council of Europe, on the initiative of the AEBR, published the European Outline-Convention of Transfrontier Co-operation between Territorial Communities or Authorities, a text designed to provide a legal framework to TC pioneers aiming to create cross-border organisations.

As a response, the European Commission adopted the recommendations of the 9th of October 1981 and 19th of June 1984, which ordered member states to promote cross-border co-operation by all means possible. Yet despite this active lobbying by peripheral institutions, issues concerning border regions were still deemed insufficient by member states’ representatives for inclusion in the

European Community agenda. Even so, the first stone had been laid for the future development of TC.

A Policy Image Marked by the Gaullist Perspective on State Sovereignty

This situation of institutional deadlock was deeply rooted in the political ideology which structured European regional policy at that time. In a polity marked by the aim to protect state sovereignty, TC was clearly perceived as a danger by member state governments. Until the 1980s, the European Communities were conceived as mere intergovernmental associations, where member states only shared resources and competences in policy sectors where the states had a direct interest (e.g. the Common Agricultural Policy for France, the ECSC for Germany, and even an embryonic regional policy for attracting new members). Under these conditions, boundaries were understood as simple division lines which hermetically bordered powerful Westphalian states (Saez and Leresche, 2002: 79-99).

This view of European integration is usually described as the Gaullist vision of the EEC, even though it was largely shared by other European leaders. In any case, the rhetoric and the political *praxis* imposed by De Gaulle clearly competed with the functionalist evolution of the EEC espoused by Jean Monnet (Haas, 1967: 315-344). The Gaullist conception was based on four concepts.

Firstly, according to an *intergovernmentalist* vision, states alone could legitimately decide the future of the European territory. Consequently,

member state governments were supposed to manage territorial development policies in a *dirigist* manner, as the representatives of the European nations. Of course, the *centralisation* of regional policy at the state level was a logical option, since sub-state units or a European supranational government would have diluted the common interest of European nations into a seamlessly fuzzy European common good. Lastly, from this viewpoint, border areas were perceived as regions under the tutelage of sovereign states and were used as strong *protectionist* barriers against neo-liberal management of economy and a rising borderless market throughout Europe.

In sum, whatever the motivation of this discourse (a vibrant homage to the Europe of welfare-states, or a strategy to defend French economic interests against the constitution of a free-border market throughout the continent) (Moravcsik, 1998), it clearly impeded the development of a specific TC programme piloted by the Commission.

A Negative Feedback Dynamic Leading to *Status-Quo*

This negative feedback exerted a strong homeostatic effect on the regional policy of the Community during these years. Pro-TC factions included some Commissioners, members of the Parliament, and regional associations like the AEBR, but their exclusion from decision-making – under the strict regulation of member states – did not favour the rise of a specific TC policy. In sum, the dominance of member states' interests within the unique relevant venue, and tacit agreement on the Gaullist intergovernmental vision of Europe, worked in a self-reinforcing way which led TC proposals to an institutional deadlock.

This self-correcting effect was the consequence of the dominance of political forces working for maintaining *status-quo* within the Council. This mechanism appeared from the very beginning of the EEC and deeply shaped its future development path: frictions were clearly visible even in 1955, during the Conference of Messina, which aimed to prepare the future of the Community through the Treaty of Rome (1957) whose Preamble mentioned “*the objective to ensure [the] harmonious development [of territories] by reducing the differences existing between the various regions and the backwardness of the less-favoured regions.*” As demonstrated by a review of preparatory documents, the Spaak Report proposed to fill the socio-economic gap of six member states (Germany, France, Italy, Belgium, Netherlands, and Luxemburg) with respect to the United States. In order to do so, the report projected the creation of a specific fund for industrialising poor areas, and it proposed the suppression of European borders to avoid free-market limits in the neo-liberal fashion (Keohane and Hoffmann, 1991: 1-39). However, political pressure by social-democrats and demo-Christians on the Council seriously limited the transposition of this report’s principles into the Treaty of Rome.²

THE GENESIS OF TC: REGIONAL POLICY AS AN UNSTABLE SUB-SYSTEM (1986-89)

New Venues for Regional Policy Action

The mid-1980s opened a period of transition for TC. Although

² Interview with a civil servant from Directorate General Regio, Brussels, 2003.

the Council of Ministers remained the political centre of the EEC, especially during intergovernmental conferences, the Parliament and the Commission arose as competing venues in certain policy sectors like regional development, providing new venues for TC lobbyists. The Commission presidency of J. Delors from January 1985 was decisive for re-launching Community dynamics, which had moved in slow motion since the late 1970s, and the concretisation of the common market became the *leitmotiv* of Delors' followers. While the first Schengen Agreements were signed outside the Community framework, the Commission reached an accord of member state representatives on the Single European Act in 1986 (Delors package 1). European borders would no longer limit the movements of individuals, goods, services, and ideas. Issues concerning border areas began to influence the European Community agenda more heavily, and a new chapter relating to "economic and social cohesion" was introduced into Article 2 of the Rome Treaty to counterbalance the effects of border suppression (Hooghe and Keating, 1994: 367-393).

The launching of a specific European TC policy through the reform of structural funds in 1988 constituted a result for the long lobbying process led by the AEER, a marginal actor with respect to Community institutions. Activation of the Single Act on 1 January 1992, along with the increasing institutional importance of the AEER (now a powerful organisation, grouping more than 50 members), the general trend of devolution in various member states, and the empowerment of the Commission through the reform of regional policy all helped to elevate the discourse of the Council of Europe and the new Advisory Council of the Commission (future Committee of the Regions) –

informed by the AEBR. In the absence of any other alternative, the EEC regulation 2052/88 published by the Council on 24 June made concrete the entry of TC into the Community agenda.

Negotiations between General Directorate XVI, J. Delors, and 12 member state representatives prefigured a big bang in regional policy matters. Firstly, the budget for regional policy had considerably increased (the three regional funds represented 17.6% of all Community resources in 1986, 27.8% in 1992, and 36% in 1999). Secondly, structural funds were divided into different objectives implemented according to a territorial mapping based on the Nomenclature of Statistical Territorial Units, defined by the Commission, which were not obligated to correspond to the policy zoning established by member states.

This territorial planning policy largely benefited of Article 10 of the ERDF regulation, which was partially shaped by the collaboration between AEBR and the European Parliament. This article allowed financing of some pilot projects and Community initiatives, to address political issues deemed particularly relevant by the Commission, such as rural development, gender equality, and TC. In 1989, TC converted into a pilot programme called INTERREG, funded with 800 million euros to compensate the negative effects of the boundary openings, since in most cases the economies of border regions remained based on customs dues and international transport.

Conflicting Policy Images

A major force behind the creation of an autonomous TC in 1989 was

rooted in the constant flux of competing narratives at the Community level. This ideational instability reinforced incoherency while questioning absolutely the overall management of EU regional policy. During the mid-1980s, the discourse of traditional EEC leaders – the member states and the Council – was directly contested by a large coalition formed by regional and city governments, the AEER, and “quasi-Community” institutions like the Council of Europe and the Committee of the Regions. This coalition intended to impose a new image of border areas on the Community institutions, using a double-discourse largely prepared through several reports accumulated by the AEER: on the one hand, border regions needed economic compensations to deal with the opening of borders; on the other hand, these areas had great potential for economic development.

The first element of this unstable policy image was related to *EEC governance* itself. So, was regional cohesion possible, if state governments re-nationalised European grants according to their own policy planning schemes? Was it coherent that state governments continued to rule the EEC, even as economic and informational globalisation was supposed to abolish internal European borders, introducing supranational mechanisms of decision-making? In the same way, could a European common good really emerge if the EEC government remained fragmented among various *raisons d'État*?

Secondly, the *management* of regional policy was also debated. Indeed, in a context of crisis of the traditional welfare state model, was it acceptable that member states still used European regional grants to fund their own national programmes in a *dirigist* manner? And why

would central state agencies for territorial development not accept the Community method based on contracts, tendering, partnership, concentration, subsidiarity, and so on?

By the same token, could the EEC ignore the new *centre-periphery relations* and the claims of sub-state governments for easier access to decision-making in sectoral policies affecting their own interests? Was it possible to maintain a state-centred governance framework when regional and municipal governments and their associations claimed specific policies for improving co-operation among them?

Finally, was it realistic to maintain national *protectionist policies* if the objective of European integration was the socio-economic cohesion of the whole continent? Conversely, if the openness of internal borders was supposed to facilitate exchanges and to promote economic development, was it not reasonable to think that the regions whose economic resources depended on the existence of international borders would need some help to re-convert their economic systems?³ Indeed, was it legitimate to push free-market evolution without compensation for border areas?

Consequently, although EC authorities had been hesitant to consider claims emanating from the AEBR before 1988, the increased fear of an economic crisis in border areas and the strong lobbying exerted by powerful regions (especially in German *länder*, Catalonia, and

³ Some border areas had based their economic systems on the existence of the international border. For instance, this was the case of Hendaia (France) and Irun (Spain) in the Basque Country, where train stations, road transportation firms, and customs activities provided essential resources to the municipal budgets (Harguindéguy 2007, 317-334).

Flanders) through the Assembly of European Regions (1985) and the Council of Europe drove commissioners and ministers – many Eurodeputies were already strong supporters of a TC policy – to be more receptive to appeals from advocates of border territories. Moreover, consistent with the “garbage can” theory (Cohen, March and Olsen, 1972: 1-25), Community actors had no alternative solutions to this new political problem. In these conditions, the reform of the structural funds in 1988 became a turning point for TC policy.

The Collapse of the TC Sub-system Fed by Positive Feedbacks

As we have seen, this period of transition generated a dramatic reversal in the field of regional policy. The instability of institutional venues and the constant flux of competing policy images exploded the traditional arrangements regulating this policy system. The overloading of the main regulator of the regional policy system – the Council of Ministers – through a series of positive feedbacks led to a complete re-organisation of this field. This reform consisted in transferring more competences and resources to competing Community institutions (that is, to the Commission and the Parliament). Logically, this reform provoked a radical change in the institutional and ideational context. As we will observe in the next section, the “bandwagon effect” had progressively de-stabilised the existing order and allowed the creation of a new autonomous policy sub-system dedicated to TC.

In concrete terms, this crisis was fed by the transfer of competences and resources on regional policy to the Commission, as well as by the fear of a deepening economic crisis in border areas following

implementation of the SEA. These inputs mutually reinforced and favoured the discourse of Community outsiders like the AEBR, which was now taken into account by Community institutions, including the Council. In the absence of any other alternative solutions, the first measures adopted by the Council to empower the Commission in regional issues were used as an entry by external actors (like the AEBR) to push TC policy. As a result, an autonomous TC policy was finally launched.

THE INSTITUTIONALISATION OF TC: TOWARDS A NEW ERA OF STABILITY FOR EU REGIONAL POLICY? (1990-2007)

A New Division of Work among EU Venues

The progressive mainstreaming of TC was the product of the new division of work established between Community institutions. As a consequence, certain policy areas began to follow a supranational logic of action, much like regional affairs, which are now largely under the competence of General Directorate XVI (DG Regio) of the European Commission. Beginning in the early 1990s, this new avenue for TC lobbyists developed in parallel with the assembly of a consistent front for promoting TC in Europe, based on: the concentric integration of border region governments into euroregions; the AEBR; the Council of Europe; and the Committee of the Regions. In sum, this new roster of participants found an important avenue for implementing its claims.

This relation between the Commission and the network led by AEBR allowed the pilot-project INTERREG to be integrated into Community initiatives from 1990 onward. Indeed, during the first programming period (1990-93), this was by far the most costly of the 14 initiatives, costing 1 billion euros (out of a total 5.5 billion euros of initiative spending). These initiatives, based on a “*bottom-up*” approach, were special programmes established by the Commission to intervene directly with sub-national actors to break the “*top-down*” bureaucratic logic of classical regional policies (Hooghe and Keating, 1994: 367-393). Moreover, the Commission agreed to fund a new programme called LACE, developed in direct co-operation with AEBR experts and consisting of establishment of an “observatory” of cross-border co-operation around internal and external borders with the aim of facilitating future enlargement of the EU.

The “reform of the reform” occurred in 1993. The close co-operation between the Commission and AEBR (Stumme and Gabbe, 2001) during the 1994-99 period allowed total spending for the 13 initiatives to increase to 14,379 million euros (9% of structural funds) while the INTERREG-II budget grew to 2,900 million euros. However, the high complexity in financing co-operation projects and the juridical asymmetry between member states made difficult the implementation of the scheme designed by the Commission. Indeed, despite the publication of a *Practical Guide to Cross-border Co-operation* in 1996 by the AEBR (which is now one of the five main regional associations of Europe)⁴ and funded by the European Commission,

4 Namely, the Assembly of European Regions, the Eurocities network, the Council of European Municipalities and Regions, and the Conference of European Maritime Regions. In 1998, the AEBR concentrated 82 corporate members.

INTERREG II was still used as a substitute for national funds (European Parliament 1996).

From 15 to 24 March 1999, J. Santer, the new president of the Commission, presented Agenda 2000 of the Union, in Berlin. This document planned for the re-direction of regional grants towards Central and Eastern European candidate countries (which already benefited from special programmes like PHARE and TACIS, similar to INTERREG, in order to socialise their administrative staffs to the management of European funds). Negotiations occurring during the Agenda 2000 presentation reinforced the patterns of budgetary precedent: structural funds still constituted the EU's second-highest area of spending (195 billion euros) after agriculture policy; and from this quantity, 94% was dedicated to EU objectives policy, with 5.35% to the Community initiatives, whose number was reduced to four (INTERREG III, EQUAL, LEADER +, and URBAN) after the Council of Ministers refused to enhance budgets, despite appeals by the Committee of the Regions.

INTERREG III concentrated as much as 50% of the Community initiatives allowance, or 4,875 million euros. As stated, INTERREG III was composed of three strands: cross-border co-operation (53 programmes), transnational co-operation (13 programmes), and interregional co-operation (four programmes) (Interact, 2005). Following proposals by the AEBR, its implementation structure was reinforced through measures which obligated partners to collaborate along three dimensions (public/private, local/EU, and border-neighbouring). This was the last step before the complete

mainstreaming of TC policy.

The TC Policy Image between EU Integration and Globalisation

This progressive institutionalisation largely grew out of a particular causal narrative of TC shared by the majority of policy actors – or at least by the leading coalition. As demonstrated through our interviews, four elements composed this policy image.

The first is the progressive transition of EU governance towards a more *supranational* pattern in the field of regional policy (but also in other policy areas such as justice) (Caporaso, 1996: 29-52). Although there are significant discussions around this point, TC is now essentially understood to be a supranational policy by nature, since intergovernmental management would lead to a fragmentation of the border policy (Interact, 2005).

The second concept which structures the policy image of the current TC policy is *contractualism* (and the whole ideology of new public management). After decades of *dirigist* management of territorial issues – especially in centralised countries like France or Spain – the shift towards new policy instruments like contracts, tendering, subsidiarity, evaluation, and partnership partially explains the rise of innovative new public policies such as TC. Clearly, the lack of European border rights and the asymmetry of national laws have imposed the use of juridical arrangements based on private law in order to deal with TC issues.

The corollary of contractualism is the dispersion of authority within

the EU, due to the continental process of *decentralisation* in member states beginning in the early 1980s. Decentralisation, federalisation, regionalisation, autonomous process, and devolution of competences and resources among cities, provinces, regions, and their associations are important trends to take into account when regarding the institutionalisation of the TC policy. As stressed by a member of the Catalan government: “*the pro-TC regions could be divided into three groups: those which have a long experience of cross-border co-operation, like Dutch regional leaders; those which have a direct political interest in promoting TC in order to by-pass the authority of the central state (like us); and those which find TC is an interesting policy for developing their new agenda as decentralised regions (like the French regions, for instance).*”⁵

Lastly, the institutionalisation of TC can only be understood by taking into account the new context of a *free-market* within Europe. This relates to a more general paradigmatic change, since the common market policy has been repeatedly reinforced by several measures based on the same ideology, such as the Schengen Treaty (1985-95), the Stability Pact of Maastricht (1992), the European common currency (1999), or even the Bologna Pact on the convergence of national training systems (1999). These changes limit the autonomy of member states and strictly impede protectionist measures at the borders. In short, while internal borders have converted into mere cultural divisions, external borders are now the real barriers of “fortress” Europe. Within this new ideational scheme, TC is logically charged with increasing the integration of border inhabitants and

5 Interview with a civil servant from the Generalitat de Catalunya, Barcelona, 2004.

economic systems among old and new member states.

Negative Feedback Dynamics Maintaining Stability

As stated, the current stability of TC in Europe lies in a series of negative feedbacks which have led to the recent mainstreaming of TC policy. In other words, this homeostatic policy dynamic endures because the agency and representation of TC are mutually reinforcing. But the institutionalisation of TC must also be analysed in light of the rest of EU territorial policy. From this perspective, TC has been favoured by the Commission, since it is one of few programmes whose objectives and instruments of management fit perfectly with recent EU developments.

The latest enlargement of the EU through the inclusion of ten new member states in 2004 clearly raised the problem for the future of regional policy in “old” member states. The low gross domestic product *per capita* of the new adherents required a massive transfer of European funds in order to maintain the socio-economic convergence of the Union. Solutions presented during the Lisbon Conference (2007) led to a new reform of structural funds according to the new EU strategy, also in 2007. Following the British recommendations, this strategy consisted in making European territories attractive by promoting innovations and favouring the adaptation of workers to the shifting requirements of the economic market. In concrete terms, the strategy anticipated a drop in Common Agriculture Policy spending and significant investments in high-tech and training. The conversion of TC into a top objective of structural policy seemed to fit quite well with this approach by catalysing the effects of the structural funds.

In sum: *“TC was a good way of doing more by spending less. Its cost is relatively reduced [with] respect to the other European policies but its symbolical and practical effects can be very important.”*⁶

As a consequence, Council regulation 1083/2006, adopted on 11 July 2006, stated that structural funds must concentrate on three new objectives: “Convergence” (81.54% of total spending, or 251,263 million euros); “Regional Competitiveness and Employment” (15.95%, or 38,742 million euros); and “Territorial Co-operation” (2.52%, or 7,750 million euros) (Council of Ministers 2006). As the EU’s number three objective, TC depends on the ERDF for realising economic, social, and environmental activities in border areas, favouring transnational and interregional co-operation and reinforcing the efficiency of the regional policy. Furthermore, TC now employs a new instrument of implementation through the EGTC (European Grouping for Territorial Cooperation)– a structure backed by the AEBR and the Council of Europe since the 1980s – which possesses a legal personality, is officially recognised by the EU, and can integrate public and private organisations – including those located in non-EU countries (European Parliament and Council of Ministers, 2006).

CONCLUSION

Synthesising 50 years of EU politics into a single paper is clearly a daunting task, and we are conscious of the limitations of our work. Nevertheless, now that TC has converted into an important strand

6 Interview with a French deputy, European Parliament, Strasbourg, 2003.

of EU regional policy, we suppose this effort to be necessary. Thus have we intended to provide a simple – but not simplistic – overview of TC evolution.

In order to do so, we have argued that the PEM designed by Jones and Baumgartner is probably the best-fitted current theoretical approach for examining policy change over time, since the model does not necessitate resorting to explanations in terms of exogenous shocks. Drawing on this framework, we have explained the trajectory of the TC policy sub-system by way of the complex interactions between policy venues and policy images.

From 1957 to 1986, intergovernmental dynamics impeded the creation of an autonomous border policy through the strong control over regional grants by member state governments. Nevertheless, the disappearance of internal borders in 1986 (SEA) and the restructuring of regional policy by the Delors' Commission provided new venues for TC lobbyists to make their discourse audible. The launching of a TC pilot policy in 1989, and its rapid conversion into a Community initiative during the 1990s, were accelerated by the 2004 enlargement of the EU. More recently, in order to maintain a certain financial presence in old member states, the Commission decided to launch an innovative policy with new objectives (border areas) and new instruments (the EGTC).

However interesting the punctuated policy approach may be for examining policy dynamics, the analysis of our case study points to at least three important theoretical elements that PEM followers should take into account when considering future developments.

Firstly, the PEM must avoid a purely economist approach, since a *dramatic policy reversal* cannot be reduced to a mere budgetary shift. Further, the aim of a policy – and its innovative features with respect to the “normal” trend of other public policies – must also be taken into account. Overemphasising the money spent for TC in regional policy can effectively hide other important aspects, such as the ideological conception of European borders, or the progressive shift towards new policy instruments for managing regional grants.

Secondly, the roster of policy participants should not only be understood from a quantitative perspective (who’s in and who’s out) but also from a qualitative one, in terms of policy roles. The example of the AEBR shows how a policy actor can evolve over time, from a marginal regional association to an institutional think-tank working in close relation with the Commission. Indeed, it is interesting to note how successful this organisation was in converting its practical knowledge of TC into a political resource.

Lastly, the process of *venue shopping* is a complex practice that must be analysed in interaction with other policy areas. The current difficulty in studying why EU policy actors solicit certain venues lies in the multi-level architecture of this polity. For instance, analysing European TC supposes to have a look on the internal decentralisation process of European member states, on the general management of the EU, on the other strands of the regional policy and on the economic policy of the Union.

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