

# XV. Mezinárodní kolokvium o regionálních vědách MU Brno - Valtice 2012

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*55 years of financing  
structural and regional  
policy in the context of the  
economic development of  
the European Union*

## Goals of the contribution

- ❑ to explain the connection between economic situation of the EU countries (before 1993 the EEC) and the development of financing the structural and regional policy of the EU
- ❑ to cover significant moments that led to the reform of this common policy
- ❑ to explain its position in relation to the Community budget in single phases of the integration development of the EU states.

# Methodology of the contribution

- An important issue that must be dealt with in the paper is defining the periods of individual stages of the development of the EU structural and regional development.
- In the detailed work dedicated to the EU structural and regional policy by Boháčková and Hrabánková, the authors distinguish developmental phases in 1958-1971, 1971-1983, 1983 - 1988, 1988-1993, 1994-1999, 2000-2006 a 2007-2013
- The work EU Public Finance, the official document of the European Commission, takes the budget view as a matter of priority. It distinguishes periods 1951-1974, 1975-1987, 1988-1992, 1993-1999, 2000-2006, and 2007-2013

# Methodology of the contribution

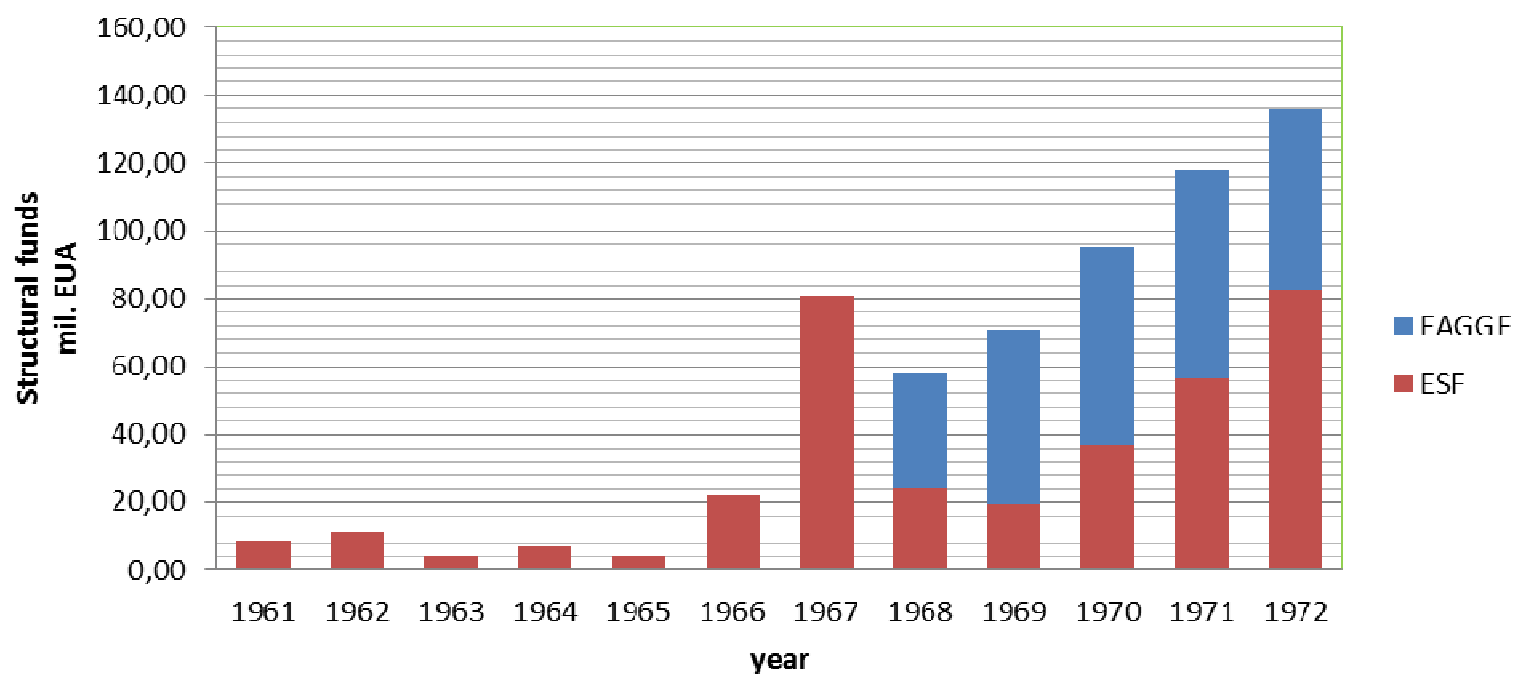
- The detailed monograph of [Lacina and König](#) devoted to the **topic of the budget** of the European Union divides, after the first period of 1958-1987, individual stages of the structural and regional policy of the EU in connection with the creation of budget frameworks of the European Communities into the periods of **1988-1992, 1993-1999, 2000-2006, 2007-2013** .
- Community budgets : until 1987 were conceived as annual. Since 1988 the budgets have been created in the form of „*financial perspectives*“.
- In the crucial work of the authors [Baldwin, Wyplosz](#) dealing with European economic integration in the part looking into the EU regional and structural policy points out years of enlargement (**1973, 1981, 1985 etc.** )

# The first stage of financing the EU structural and regional policy (1957-72)

- ❑ The first source for financing structural policy of the Community was *the ESF – the European Social Fund*, which was founded in 1957
- ❑ *European Investment Bank - EIB* was established in 1958 with the seat in Luxembourg aiming at contributing to development programmes
- ❑ As the second fund tool of the common policies in this period, the *EAGGF-European Agricultural Guidance and Guarantee Fund* was founded in 1962
- ❑ During the 1960's economic and social situation of the European Economic Communities (EEC) member states was developing very favourably
- ❑ The economic growth of the EEC member states reached the average of 4.2%, which was on average by 1.2% more per year than the EFTA member states

# The period of 1957-1972

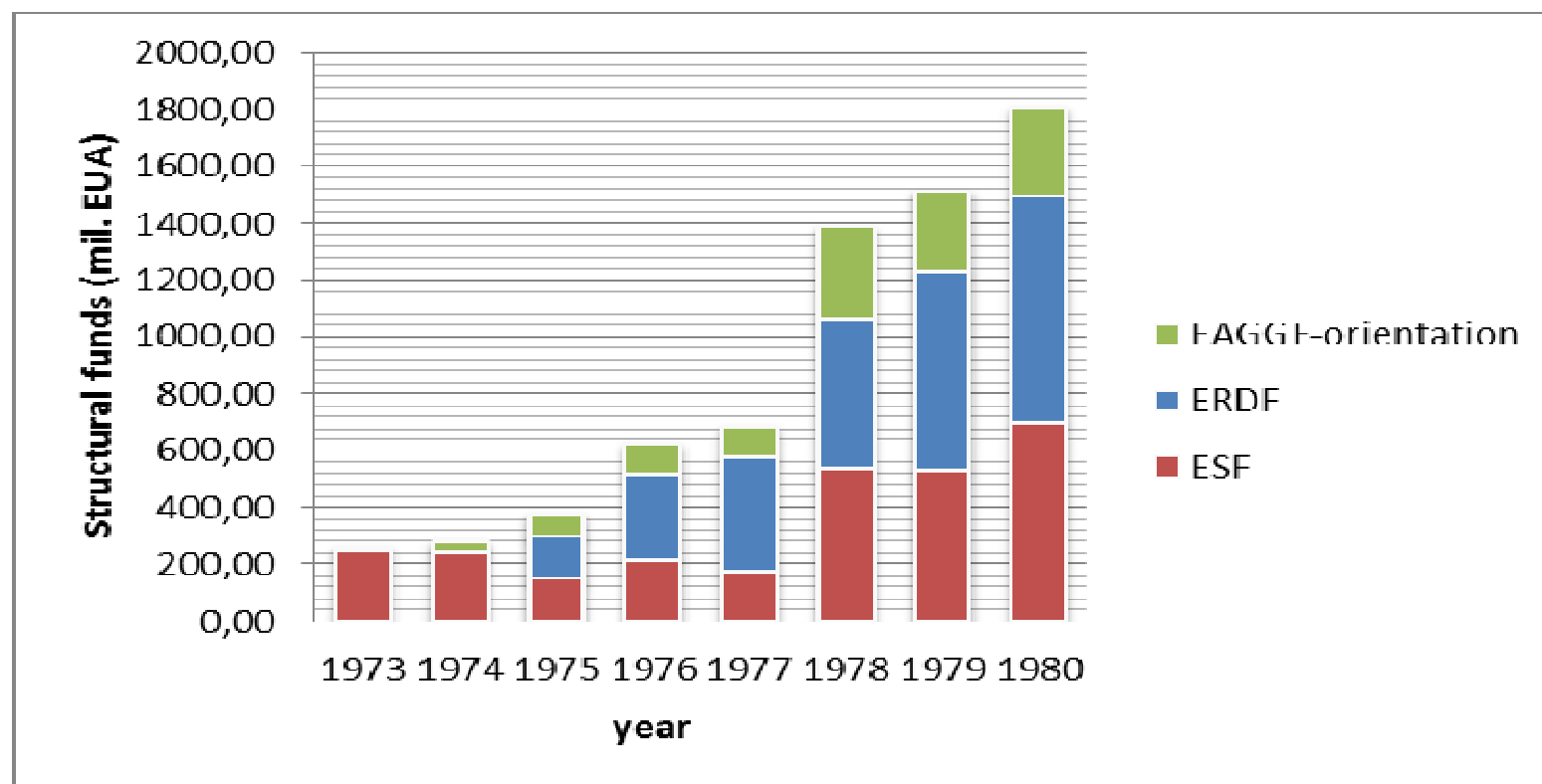
## Expenditure of the Cohesion Policy



# The second stage of financing the EU structural and regional policy (1973-80)

- ❑ Before, in 1967 there was the economic recession. The the system of convertibility of the dollar collapsed in 1971 and the dollar devalued strongly toward other world currencies
- ❑ The first oil crisis in 1973-74 caused by the oil embargo of the OPEC countries which provoked strong inflation in the western world and a structural economic crisis
- ❑ important impulse for creating the common regional policy was the first expansion of the EEC—Great Britain, Denmark, Ireland (1973)
- ❑ In reaction to the ongoing impacts of the world recession the attention of the EEC authorities started to turn to the forthcoming problems in the area of structural changes of the member countries economies (Lorraine, Wallonia, the Pfalz-Ruhr, Wales..)
- ❑ the ERDF was founded in 1975 and became the main tool for institutional financing the common regional policy of the EEC

## The period of 1973-1980

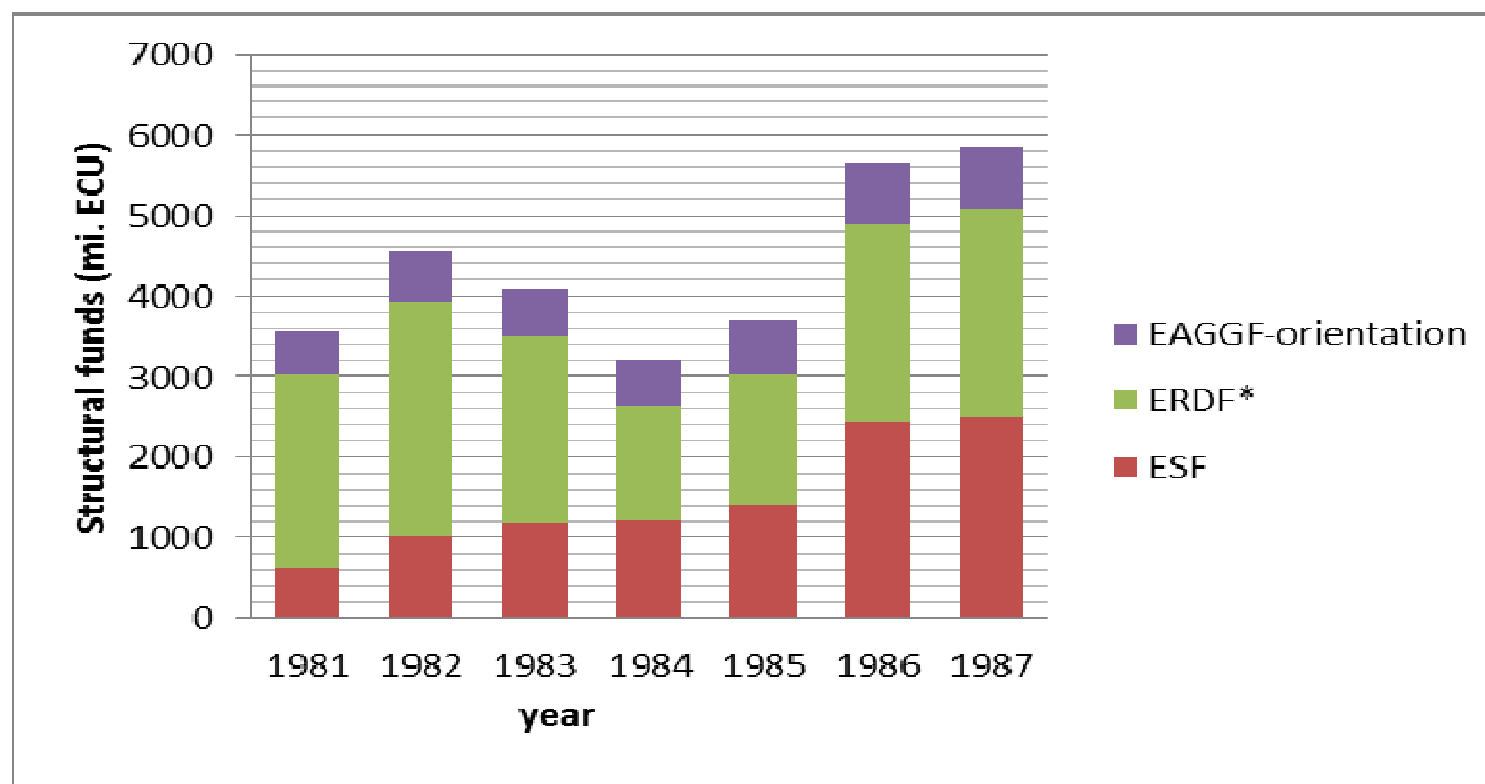




# The third stage of financing the EU structural and regional policy (1981-87)

- ❑ The economic situation at the beginning of the 1980s was influenced by the second oil shock from 1979-80, caused by a revolution in Iran
- ❑ The EEC countries also registered a noticeable decrease of the economic growth compared to the USA and especially Japan
- ❑ That led to further measures in setting common EEC policies, to strengthening structural and regional policy and to creating a common policy in the area of science, research and innovation
- ❑ A significant change in the EEC regional policy was also caused by south European countries of agricultural character with numerous underdeveloped regions – Greece in 1981 and Spain and Portugal in 1985 joining the Community
- ❑ 12% of the budget was set aside to finance **Integrated Mediterranean Programmes** and further centrally managed multi-year programmes of Europe-wide importance

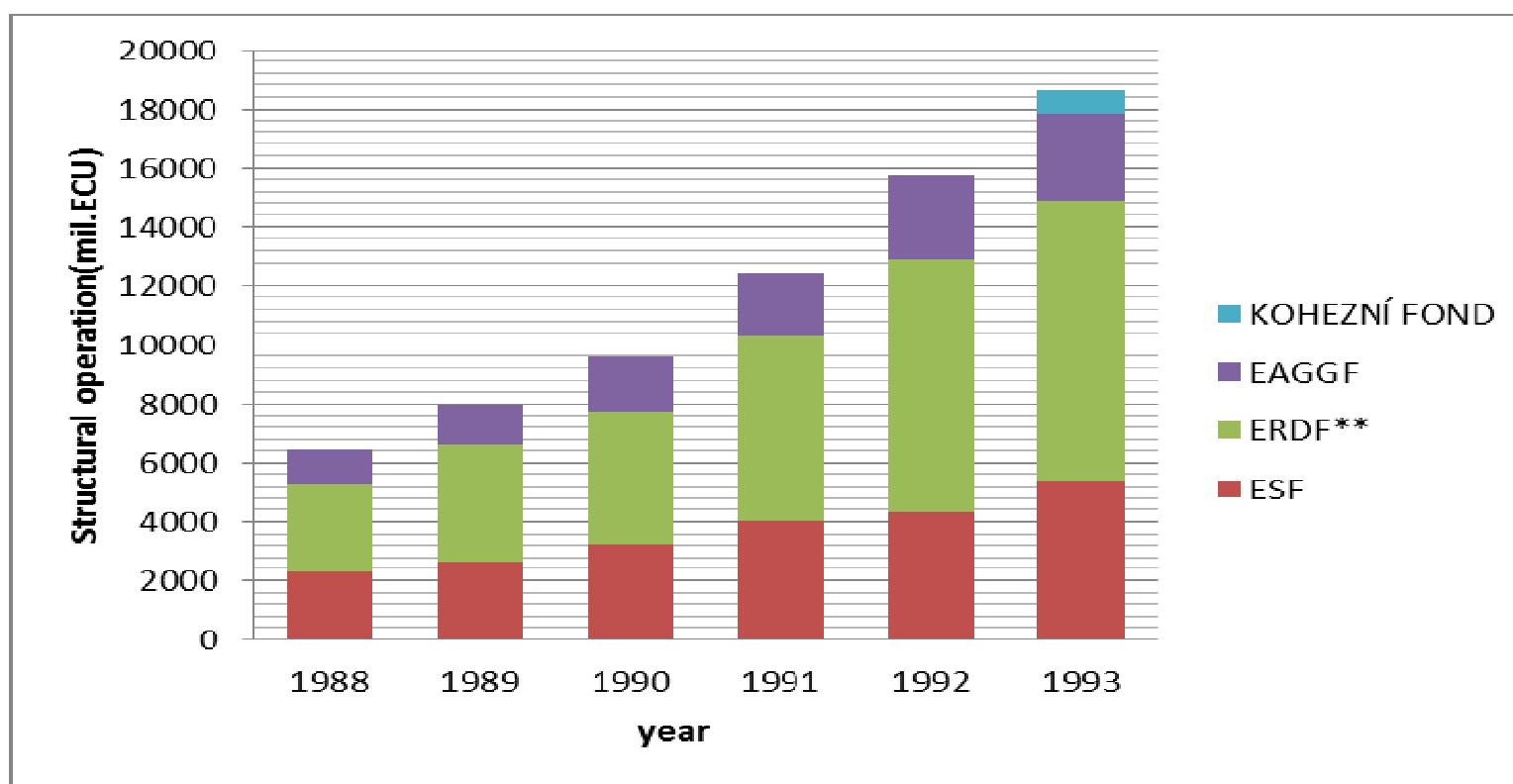
## The period of 1981-87



# The forth stage of financing the EU structural and regional policy (1988-93)

- ❑ The next important landmark in the conception of the EU structural and regional policy was accepting the Single European Act in 1987
- ❑ In 1988, as another tool of structural and regional policy in connection with its reform, the so called **Community Initiatives** were established and they focused on solving common structural and regional problems, arisen as a result of creating the Community single market,
- ❑ To strengthen the policy of cohesiveness, the new **Cohesion Fund** was created on the basis of the Maastricht Treaty as another tool of the Union's regional and structural policy. It was determined to speed up the cohesion of less developed member states of the Union – Greece, Ireland, Portugal, and Spain
- ❑ For financing structural measures in new candidate countries, the **PHARE programme** was created in 1989.

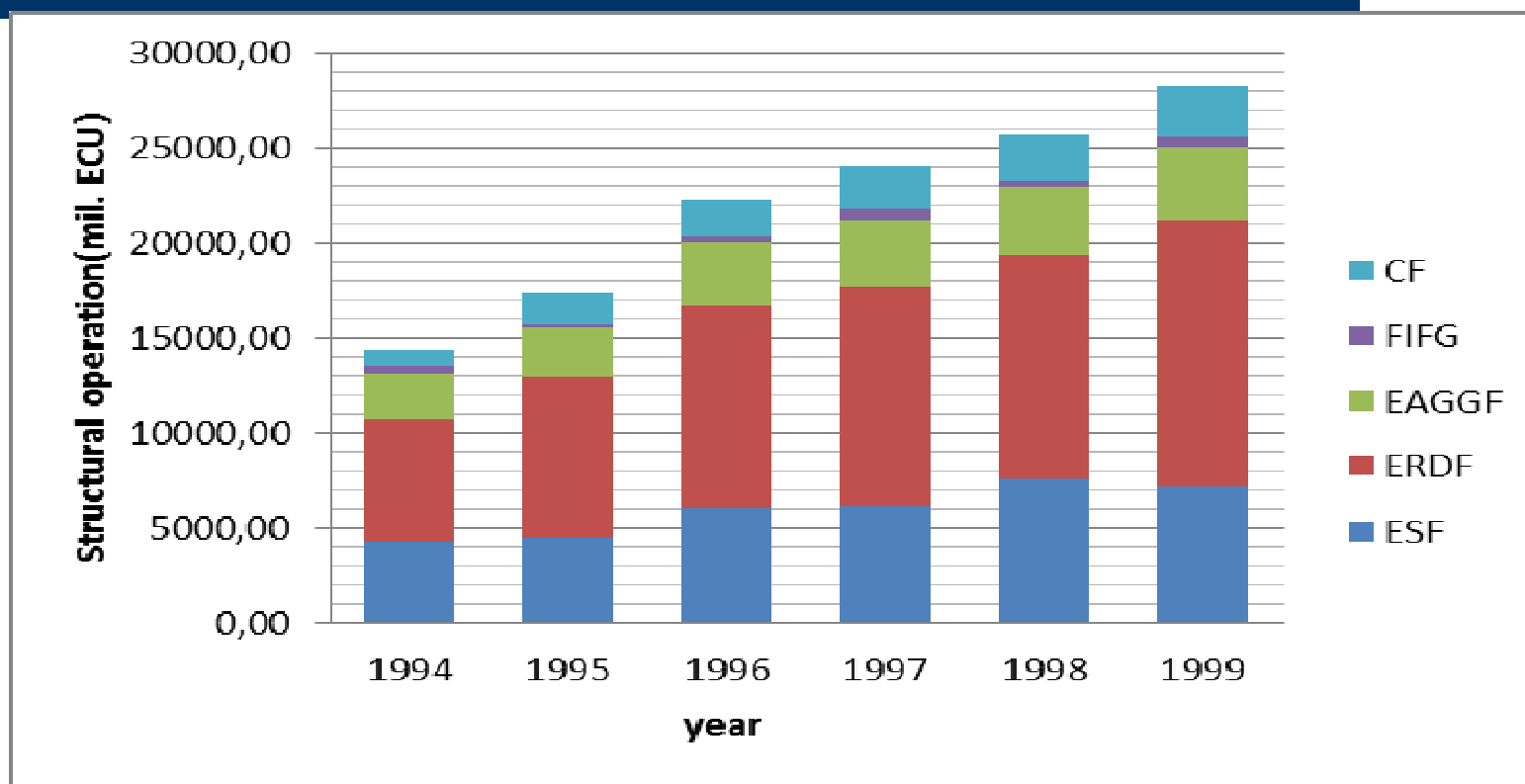
## The period of 1988-93



# The fifth stage of financing the EU structural and regional policy (1994-99)

- Influence of drawing up the Treaty on European Union in Maastricht (1993). In the treaty, the so called *Maastricht convergence criteria* that regulated macroeconomic conditions for the rise and working of the monetary union were defined.
- The development of the EU structural and regional policy was influenced by three developed countries joining the European Union – Austria, Sweden, and Finland in 1995.
- In connection with this expansion, remote northern regions were supported from the ERDF.
- To support the objectives of structural and regional policy in the specific area of both coastal and inland fishing - the FIFG (Financial Instrument for Fisheries Guidance) was founded in 1993

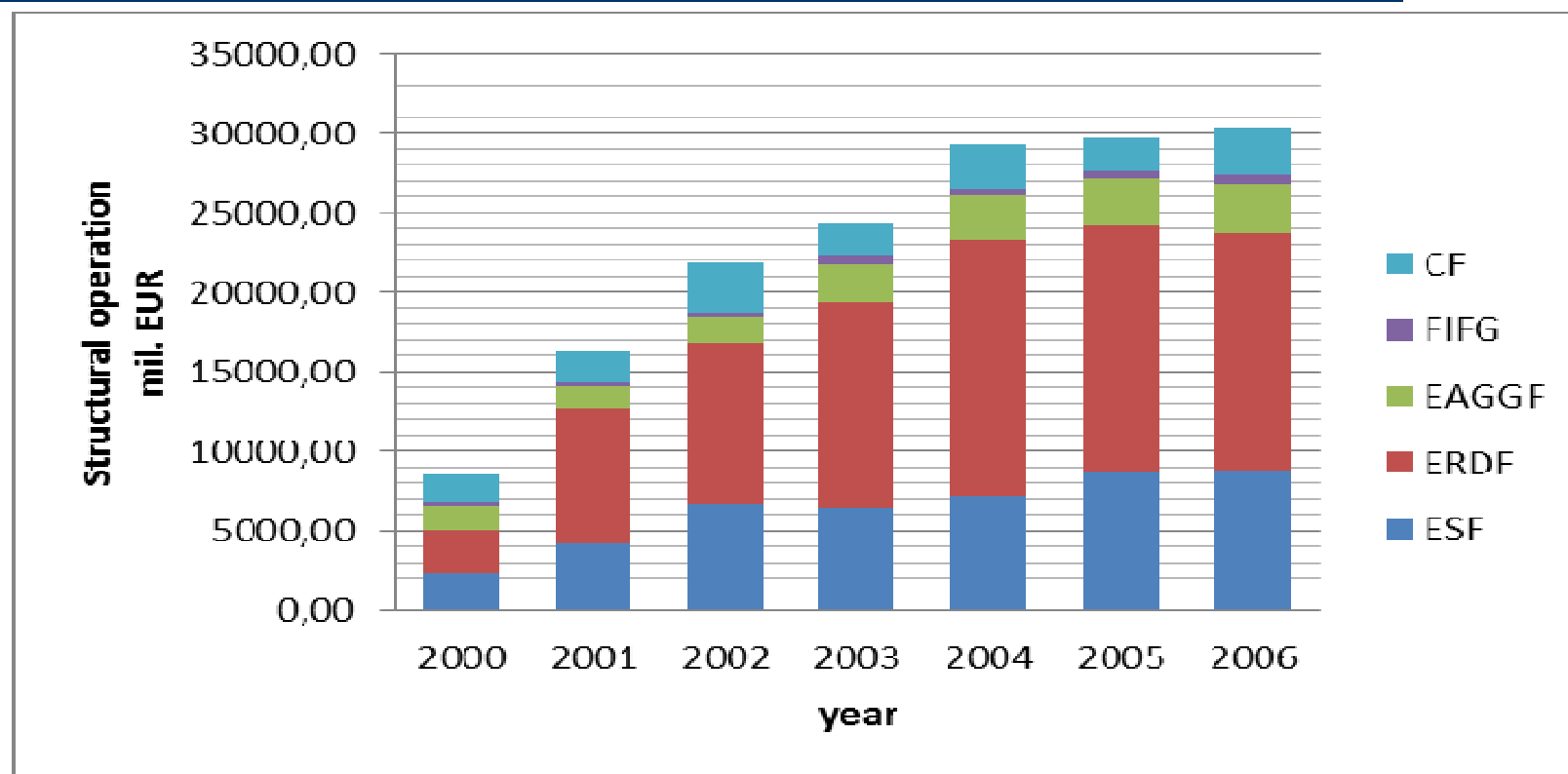
## The period of 1994-99



# The sixth stage of financing the EU structural and regional policy (2000-2006)

- A significant event at the turn of the millennium was introducing Euro and creating the Economic and Monetary Union in 1999 by eleven member countries of the European Union that were joined by Greece in 2001.
- At the instance of Germany (Theo Weigel) fiscal criteria of the Stability and Growth Pact were adopted to help the monetary union function, but they were not kept from the very beginning.
- With the entry of 10 new, mostly economically not fully developed countries of Central and Eastern Europe in 2004 there were great demands on the EU budget.
- Especially from that of agricultural policy and cohesion policy – e.g. the number of inhabitants in regions of cohesiveness which are a subject to the EU subsidy policy rose from 73 million to 123 million people.

## The period of 2000-2006

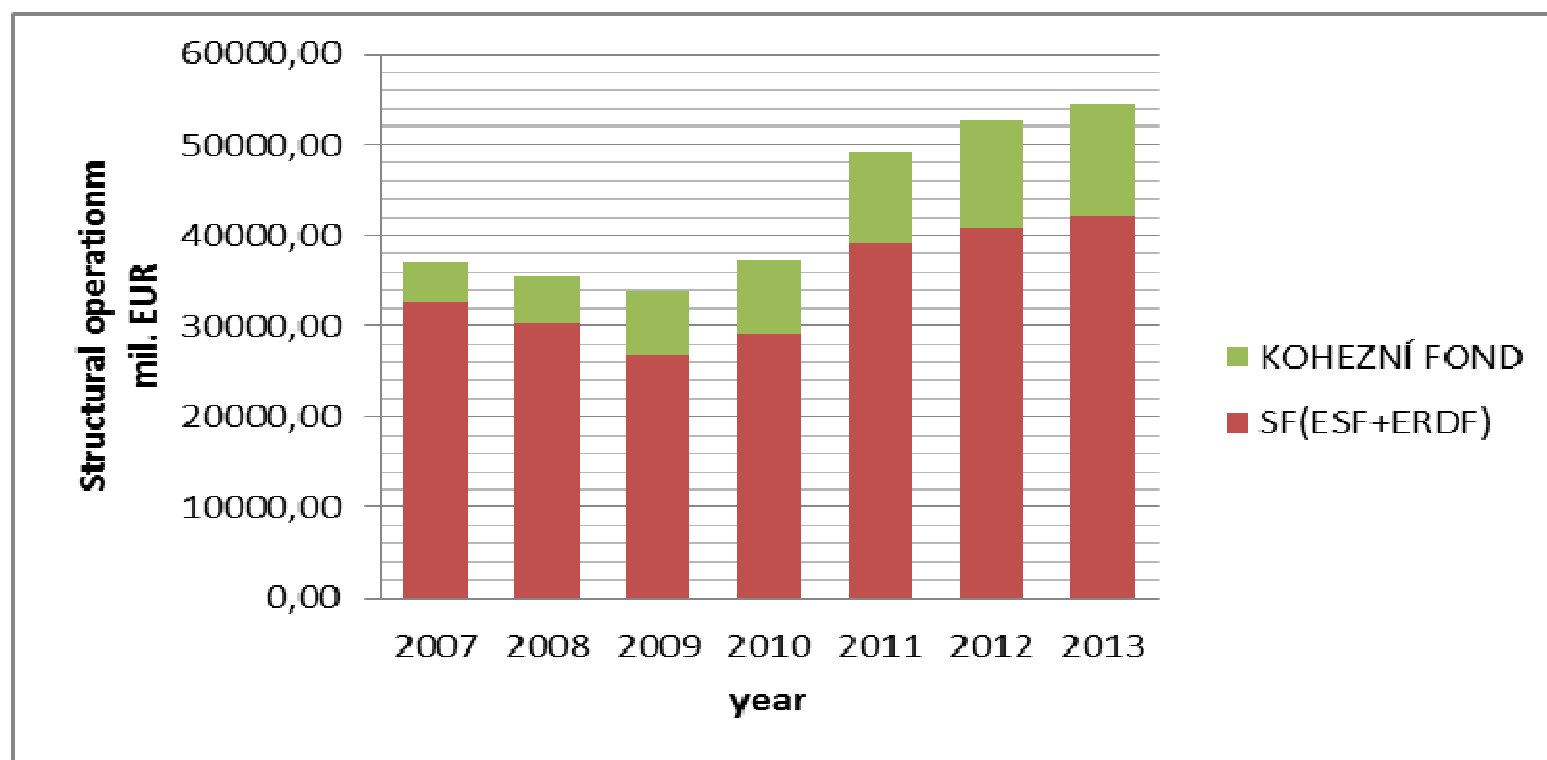




# The seventh stage of financing the EU structural and regional policy (2007-2013)

- ❑ In 2007 an amended treaty on the European Union – the Treaty of Lisbon was signed and ratified also by the newly accepted EU member countries, Bulgaria and Romania.
- ❑ A positive economic development after the mid 1990s was interrupted in 2008 as a result of the world financial and economic crisis.
- ❑ It revealed fully the weaknesses of fiscal policies of the member states of the Eurozone and especially the southern wing – Greece, Portugal, Spain, Ireland and Italy – and these problems are accelerating at present. .
- ❑ Only two structural funds – ESF and ERDF, Cohesion Fund continues
- ❑ New financial tools – JESSICA, JASPERS, JEREMIE

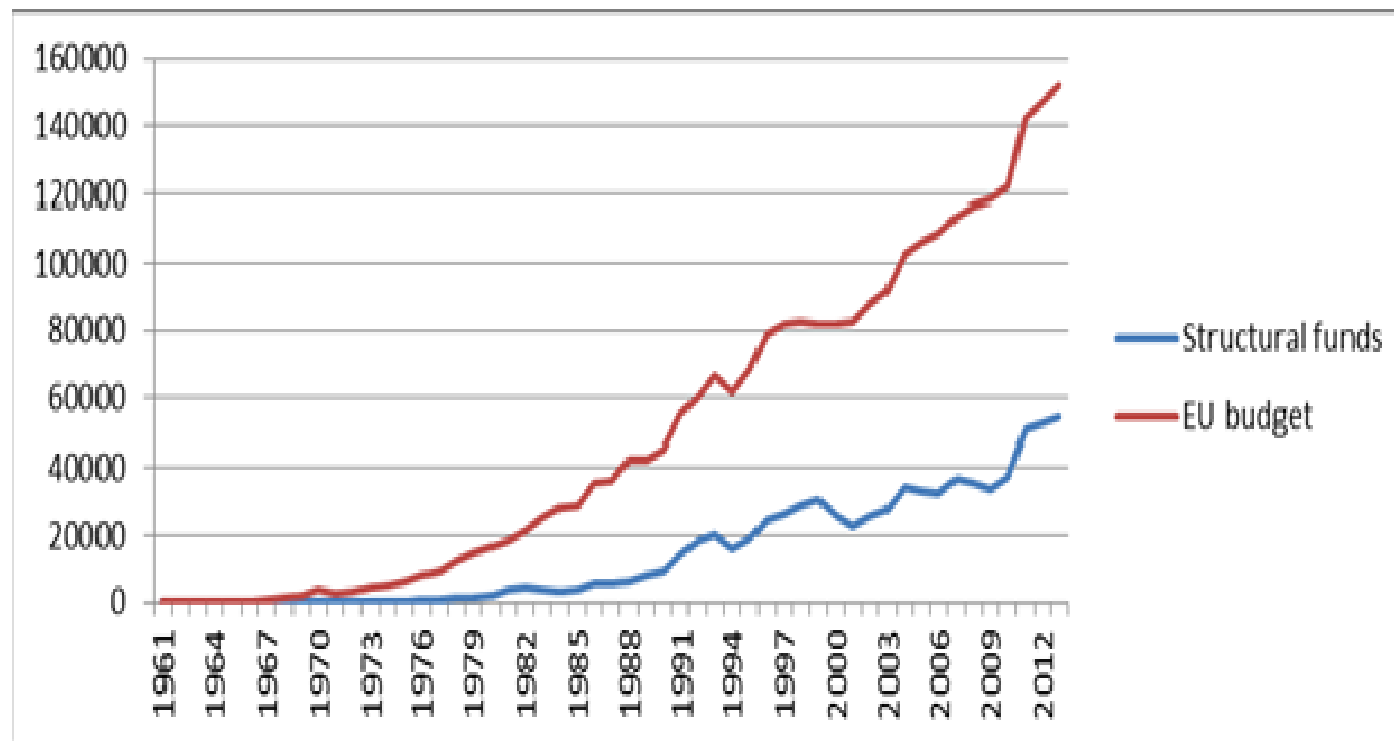
## The period of 2007-2013



## CONCLUSION

- ❑ In the 1960s positive economic growth led to gradual decreasing unemployment
- ❑ After the economic shakes in the early 1970s followed structural problems in the economies of the developed the EEC countries
- ❑ By enlargement in the 1980s by less developed member countries Greece, Spain and Portugal growths importance of implementing common cohesion policy and increase the EEC budgetary expenditures
- ❑ In relation to creating the Economic and Monetary Union in the 1990s was expected favourable impact of positive monetary and economic development into the situation of regions and into the area of structural changes in the economies of the EU member countries
- ❑ Gradually following fiscal problems EU the countries during 2000-2012 and economic crisis in 2008 influence.

# Share of expenditures on regional and structural policy in the EEC budget (1958-2012)



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- *Thank you for your attention*

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