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EU Cohesion Policy and Comparative Political Economy. The cases of Greece and Ireland.

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The European Union (EU) Regional Policy – or Cohesion Policy as it is lately established[1]- is the second most important policy area of the Community in budgetary terms. It is the Policy that is implemented through the Structural and the Cohesion Funds and its main target is the harmonisation of the development of the European territory and the alleviation of regional imbalances between and inside the different member states.

In financial terms, there has been a continuous increase in the funds that the EU has devoted in its Cohesion Policy. In particular, the funds targeted at accomplishing greater economic and social cohesion and reducing the imbalances within the European Union have more than doubled since the end of the 1980's. In legal terms the target of 'reducing the disparities between the level of development of the various regions' was included in the EU Treaty (Article 158), whilst similar provisions are made at the Draft for the EU Constitution, which is at the process of ratification in the member states. In particular, five Articles (III-220 to 224) that are included in the Draft specify the rules under which the 'Economic, Social and Territorial Cohesion' of the Union will be promoted.

The areas that have mainly benefited from that type of spending are the so-called Objective One countries -Greece, Spain, Portugal, the whole of EIRE (Ireland) until 2005- which are those regions whose GDP per capita measured in purchasing power standards (PPS) is less than 75% of the EU GDP. In addition, the same countries were the beneficiaries from the Cohesion Fund, which was established in 1991 as an additional developmental instrument.

However, the consensus that was initially built around the necessity for the creation of a redistributive and developmental Policy at the Community level gradually lost its momentum. Since 1988, after the approval of the first Reform of the Structural Funds, which lead to the initiation of the first Community Support Frameworks (CSF), there have been two major reforms of the Regulations of the Structural and the Cohesion Funds, each one before the initiation of the programming periods 1994-1999 and 2000-

[1] The terms 'Regional Policy', 'Cohesion Policy' and 'Structural Policy' are used here interchangeably to describe the Community Policy that is exercised by the Structural and the Cohesion Funds. For an analysis of the different connotations that the three terms can take in the context of EU policy making see Bache, 1998, pp. 13, 14.

2006 respectively[2]. Each of the negotiations that lead to these reforms were marked by disagreements between both the Commission and the Council and the rich -the so called net contributors- and the poor –or net beneficiaries- member states. Apart from the issue of the size of the total EU Budget, hence the money that would be available for the instigation of the regional projects, which for many commentators is at the heart of that debate[3], the main argument that is used by those who oppose the EU Regional Policy is the uncertain developmental impact that it supposedly has on the recipient countries. It is widely believed[4] that the convergence that was assumed that would come as a result of the implementation of the Policy is not achieved. The reasons that are usually provided in order to substantiate these arguments have to do with the ineffective use of the funds by the recipient countries.

The remainder of this paper aims to counter that argument by examining the ways in which the regional projects were implemented in two of the four Cohesion countries, namely Greece and Ireland. It will do so by illustrating that the developmental capabilities of a country are largely predetermined by institutional and organisational factors that influence the performance of the actors involved in the policy process. The insights provided by the sub discipline that is broadly defined as Comparative Political Economy (CPE) will be utilised in that direction.

The second section of the paper analyses the main normative implications that are provided from the revisionist account of economics that is broadly defined as Comparative Political Economy. It will be divided in two parts. The first will analyse the implications of the State centred approaches in CPE. The second will discuss those approaches that place more emphasis on the organisational constraints that determine the developmental prospects of an area.

The first part of the third section of the paper will provide a short historical account of the EU Structural Policy. The next part will describe the reasons why the two countries are chosen in order to provide a comparative account of the implementation of the Regional

[2] Currently, the Commission is at the process of finalising the Regulations that will govern the regional spending for the next programming period 2007-2013.

[3] For an account of the debates that lead to the previous adoption of the Regional Policy Regulations see Begg, 1997 and Hooghe, 1998. For a description of the events that are associated with the current negotiations for the EU Budget see Bachtler and Wishlade (2004) and Begg (2005).

[4] see Sapir Report (2003), Boldrin and Cannova (2001) , Ederveen, de Groot, Nahuis (2002), Ederveen, Gorter (2002)

Policy. A description of the major instruments that are utilised by the Commission in order to fund the regional projects in the two countries will be provided in the third part. The fourth section will conclude.

Comparative Political Economy.

For over a century economists have tried to separate the research of the economy from the study of its governance (Scapedas, 2003). Following the tradition of 19th century political economists[5] they have argued about the importance of the markets to be left to operate alone, without -or as less ass possible- government intervention. As a result, the political and societal variables that might influence the way an economy works were left unexamined and largely declared as irrelevant. This practice led to the establishment of economics as a distinct scientific enterprise with its own ontological and epistemological assumptions, the latter stemming mainly from the natural sciences carried largely unexamined to the social sciences.

Certainly, apart from the neoclassical tradition that examined the micro foundations of an economy, other classical theorists have developed coherent and strong assumptions about the interaction between the economics of a unit of analysis with their cultural and political components[6]. However, none of them managed to establish a theory inside the mainstream of the science of economics, being forced in a way to work on the fringes between different traditions in social sciences.[7]

In the last twenty years or so there has been a resurgence of interest about the impact that the aggregate results of individual human behaviour have on the area of economics. Scholars from either interdisciplinary scientific fields -such as Development Studies- or even from mainstream political science, economic history and sociology formed a revisionist approach in economics. Some of them argued about the importance of institutions in providing restrictions on the choices that individuals make (North, 1990) whilst others analysed the organisational constraints that an individual faces in her

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[5] or at least an interpretation of the theories offered by them,

[6] See, Veblen (1925), Weber (1968) among others.

[7] It must be mentioned of course that this description of 'State Denial' as Weiss puts it (1998, p. 2) reflects to a large extent the situation in the Anglo Saxon academic world since what we call heterodox explanations in economics (provided from disciplines such as economic sociology to economic history) have always been welcomed in the continental academia.

activities (Powell and DiMaggio, 1991). That literature has benefited greatly by advances in the analysis of the formation and function of institutions in political science and in particular by the literature on ‘new institutionalism’ (Hall and Taylor, 1996, Peters, 1999). It also borrowed from the increased interest in the way the ‘social capital’ that an area enjoys or lacks influences the economic activities developed there (Putnam, 1993).

However, the most important elements of that particular type of scientific enquiry come from a set of scholars that attempted to ‘bring the State back in’ (Evans, Rueschmeyer, Skocpol, 1985) the study of the way the economies work. It was accompanied by another group of studies that attempted to reinstate the process of economic policy making as an inherently political procedure (Hall, 1986). The next part attempts to offer a short account of the normative elements of that part of the CPE literature that at a risk of oversimplification can be described as State centred CPE.

State centred approaches in CPE.

The State has been one of the three major foundations of social organisations during the age of the Great Transformation that Polanyi (1944) describes, that is the period since 1750. Its importance in providing the essential elements that would assist the organisation of human societies was recognised even by classical theorists that today are thought to be among the main opponents of any form of state intervention such as Adam Smith. However, two major developments of the post World War period contributed to an ‘anti State’ bias in the study of economics. On the one hand, the behavioural revolution that influenced much of the inquiry that has taken place in both economics and politics favoured the adoption of research strategies that would involve quantifiable and measurable variables. On an ideational level, the advance of what came to be known as neo liberal ideology meant that any reference to the role that the State can play in promoting developmental outcomes was doomed to be treated suspiciously.

It was Peter Evans, together with Rueschemeyer and Skocpol who in 1985 suggested an alternative approach in studying economics by putting the State at the centre of their analysis. Their research strategy evolved in the next years and peaked with the elaboration of the concept of the ‘developmental state’ by Evans (1995). The approach that is suggested does not account for the necessity of state intervention in the economy. Rather, it considers the government interference in economic activity as established and

examines the nature of the policies that the State as an autonomous actor can employ in order to influence economic activity. The main distinction that is made is between the 'developmental' as opposed to the 'predatory' and 'intermediate' types of intervention of the public policies that are followed. Additionally, the relationship that the State develops with the society in order to promote capital accumulation is described by the degree in which the former is 'embedded' in the latter. The concept of 'embedeness' is used in association with that of the autonomy that the state enjoys from societal interests that may distort its developmental role.

By reorienting the discussion about the role that the State can play in promoting economic development to the qualitative characteristics that the latter has, that research strategy suggests an analysis that will not be preoccupied with measuring 'how much' the state intervenes. The aim is to describe 'how' the state gets involved and what are the historical or other reasons that can explain the relationships that it has developed with its surrounding environment. Geographically, the focus has been in the explanation of the rapid economic growth that some economies of the developing world enjoyed in the last quarter of the 20th century. For example, it is utilised by Woo-Cummings (1999) in the description of the industrial affairs of East Asia but is also applied in other countries[8]

In the discussions about the State activities in the economy we should add another significant line of thought that attempted to synthesize the terms that have been used by political science in the past (see Lowi, 1964, Johnson, 1982). We refer to the elaboration of the concept of the 'regulatory state', which is mainly developed by Majone (1996) but is applied in other contexts as well.[9] It is used in order to describe the State that does not constantly interfere in the economy by providing infrastructures or by employing growth oriented strategies. The focus here is on the rule of law and a preference for judicial or quasi-judicial solutions over direct intervention. However, that concept is not fully utilised in the explanation of the way the regional spending was utilised in Greece and Ireland. It does play a part in describing some of the inconsistencies that accrued from

[8] Evans (1995) himself used it in order to describe the cases of Brazil, South Korea and India. For an elaboration of the concept in the Greek economy see Pagoulatos (2003).

[9] For an application of the concept in the EU activities see McGowan and Wallace (1996).

that intervention but we believe that the rationale in which the Structural and the Cohesion Funds were based is more ‘developmental’ than ‘regulatory’[10].

In the contributions that propose a comparative institutional approach in the study of the economic policies of the State, one must add Peter Hall’s (1986) comparative study of British and French State intervention after World War II. In that, he argues about the necessity to ‘construct an institutional analysis of politics that is capable of explaining historical continuities and cross-national variations in policy’. That he adds shall ‘emphasize the institutional relationships both formal and conventional that bind the components of the State together and structure its relations with society’ (Hall, 1986, p.19). The emphasis here is again in the nature of the policies that the State employs in the economic process; the analysis however is much more sensitive in the institutional configurations than the one described above. Hall refers to institutions as ‘formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the economy and polity’. The emphasis given in the role of the institutions in determining the outcomes of the State policies gave way to what came to be known as ‘new institutionalism’ in political science.

The discussion that originated with Hall’s publication in 1986 continued in the next years and gave way to a broader discussion about the ‘varieties of capitalism’ that originate in different parts of the world -see among others Albert, (1993), Hall and Soscise (2001) and the discussion that followed in ‘Comparative European Politics’, 2003, vol. 1, Schmidt (2002) Jones (2003) among others-. The State continues to play an important role in these analyses. However, other factors that influence the growth prospects of an area gain prominence as well. These factors are analysed in the next part.

[10] For a discussion of whether the EU Regional Policy can be characterised more ‘developmental’ than ‘regulatory’ or vice versa see McGowan (2002), p.12. Our belief is that since the Structural and the Cohesion Funds directly fund projects that employ the national and sub national authorities in each recipient country, the Policy can only be described as ‘developmental’. Other EU interventions such as the EU Social Policy and the EMU can be regarded as ‘regulatory’ interventions.

Non State centred approaches in CPE.

If the focus of the previous explanations of CPE is in the configuration of institutions, the shift now turns to other variables that influence the process of capital accumulation. The main argument here is that the processes of globalisation and European integration do not necessarily produce convergence of practices and policies across countries. That postulation is in opposition to the growing literature that supposes that the nations- especially those of the developed world- are somehow exposed to the continued effects of open trade and liberalisation

Intellectually, these arguments lie in the theoretical tradition that stems from Karl Polanyi's (1957) assertion about the social embedeness of the markets. In 'The Great Transformation' Polanyi put forward the thesis that the markets are not the result of the actions of rational individuals who want to maximize their utility. Rather, they are social creations, the result of actions whose motive is largely non economic. In particular, he states (p. 46): 'The outstanding discovery of recent historical and anthropological research is that man's economy as rule is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claim, his social assets'. He then concludes that 'these interests will be very different in a small hunting or fishing community from those in a vast despotic society, but in neither case the economic system will be run in non-economic motives'.

The argument about the social embedeness of the markets was later examined by Grannoveter (1985). It lead to a distinctive line of thought -see Nan Lin, (2001) for a review- that used the concept of 'Social Capital' in order to describe the micro foundations of a social structure. By doing that it converged with those arguments that stressed the importance of the individual choices and preferences in the creation of a market. However, it considerably diverged in that it examined these actions in their social environment.

The methodological contention about the social embedeness of the markets can be used ion order to explain the idiosyncratic- Jones (2003)- responses of European countries in the policy making process. It can be utilized in order to examine why two seemingly

identical countries responded differently in a developmental programme that was initiated 'from above'.

Greece – Ireland. What role for the Cohesion Policy.

Cohesion Policy: A historical overview.

During the negotiations for the first enlargement of the EC in 1973, it became clear that two of the potential member states presented acute problems in terms of economic development when they were compared with the then existing member states. The United Kingdom and Ireland seemed to be going through a process of complicated adjustment in the changing economic conditions of the early 1970's that made them potential impediments in the enlarged Community and in particular in its road towards the long term objective of monetary unification[11]. On the other hand, it was also clear that both these countries needed an additional incentive in order to enter the Community. As a result, the first financial instrument that was similar to a form of a EU Regional Policy was agreed and the European Regional Development Fund (ERDF) was created in 1975.

When the next waves of the EC enlargement took place in 1981 and 1986 three new even poorer member states entered the Community. Greece, Spain and Portugal added only marginally to the average EU GDP since the long lasting authoritarian regimes had left them with deep problems not only in political but also in economic terms. In addition to that, the increasing drive towards the final stages of the monetary unification and the adoption of 1992 as the date in which the common market would officially be completed lead the Commission to the adoption of a more interventionist approach towards the problems of growth that the poor member states faced.

The current part provided an overview of the main developments that lead to the adoption of the EU Regional Policy. The next part will attempt to explain why a comparative analysis of the differential impact that the regional spending had in the cases of Greece and Ireland is chosen.

Why Greece and Ireland?

In 1989 the Commission decided that the abovementioned interventionist stance towards the economic imbalances of the Community should take the form of a unified and integrated approach, hence the first Community Support Frameworks (CSF). These were

[11] The first Plan of that type was the Werner Plan that was designed in 1968.

designed by the member states, financed by the Commission after it gave its approval and implemented at the national level with the Commission having the overall scrutiny of the projects. Both Greece and Ireland were designated as Objective One countries and were together with Spain and Portugal the main beneficiaries of that type of funding. The acute structural deficiencies that the two countries faced were acknowledged by the Commission, which also stressed the argument that their peripheral location in Europe would act as an additional impediment in their drive towards economic growth. Moreover, the two countries were the main beneficiaries of the Cohesion Fund that was established in 1991 in order to assist the four Cohesion Countries achieve the EMU criteria.

Despite their geographical remoteness, hence, it is obvious that Greece and Ireland shared a common starting point in the beginning of the 1990's but their position in the European economic ranking was very different at the beginning of the new century. In particular, Ireland has followed a remarkable growth during the previous decade, which is indicated not only by the GDP growth rates but also by the increase of its employment rate. Greece's development on the other hand has been moderate but not insignificant. It has managed to catch up with the rest of Europe in a number of macroeconomic indicators – as the adoption of the common currency in 2000 implies- having though inadequate performance in the unemployment and productivity rates.

The commentators that have studied the emergence of the so-called 'Celtic Tiger' acknowledge the role that the Structural and the Cohesion Funds have played in the performance of Ireland[12]. However, it is not the funding as such that is stressed in the relevant literature but the 'innovative' and 'developmental' ways in which it was employed, which created the ground that was not available before the initiation of the Community support.

Greece's performance is also related with the finances provided by the Structural Policy of the EU. Even commentators that seem to be less sympathetic than others towards the initiation of such policies agree that the funding has proved vital in assisting the county to catch up with the rich member states[13]. However, there also seems to be an agreement

[12] see O'Hearn, 2000, O'Riain, 2000, House and McGrath, 2004, Teague, 2004 among others
[13] For a recent account of that type see Beugelsdijk and Euffinger (2005).

among the Greek policy makers that the funding has proved to be a 'lost opportunity' for the Greek economy. That view seems to be shared by the personnel at the Regional Policy Directorate General of the European Commission[14]. The latest developments in relation with the negotiations between the Greek government and the DG Regional Policy for the funding of public works that amount to around 1 million euros seem to reinforce that position[15].

Without attempting to overestimate the importance of the EU regional spending and whilst acknowledging the impact that other factors had – such as the tax incentives that were provided in MNC's, the existence of a highly educated workforce, etc- in the growth of Ireland that do not exist in the Greek case, this paper wishes to restrict its analysis in the way the regional development projects were implemented in the two countries. This decision does not derive by a conviction in the active role that the state can play in promoting economic objectives. It is rather an attempt to indicate that it is not the role of the state as such which should be disputed but the nature of that interference, hence the policies that the State as an autonomous actor can employ in order to assist the economy grow. An analysis of the differences of the strategies that each of the two States employed when implementing the regional programmes can possibly reveal the reasons behind their divergent performances.

The last part of this section will present the instruments that the Commission employed through the Structural Policy in order to assist the economies of the two countries under investigation.

Community Support Frameworks and Cohesion Fund interventions in Greece and Ireland.

The Regional Policy of the Community took the form that it has today in 1989 when the Community Support Frameworks were implemented in the poor member states. Before that, an attempt was made at combating the problem of the economic imbalances between the member states with the initiation of the Integrated Mediterranean Programmes (IMP) that were implemented between 1986 and 1992. It was the first Reform of the Structural

[14] interview of the Director General Mr. Graham Meadows with the author, 1st of March 2005 at the Sussex European Institute, University of Sussex.

[15] see www.enet.gr, 16-5-2005 and http://tovima.dolnet.gr, 15-5-2005. . It seems that the country will lose approximately 1 million euros from the funding of the current Community Support Framework (2000-2006) because of misconducts.

Funds in 1988 however that practically introduced the Policy. In 1992, the Maastricht Treaty created an additional financial instrument that would assist the four poorer member states of that time enhance their capacity in terms of hard infrastructure (roads, etc) and the environment.

In this article we concentrate our interest on the projects that were financed by the Structural Funds -European Regional Development Fund (ERDF), European Social Fund (ESF), the guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG)- in two of the Objective One countries, namely those countries whose GDP per person was lower than 75% of the average EU GDP. The Cohesion Fund adopted a slightly different rationale in that it finances the entire eligible countries -rather than specific areas- based on whether their average GDP is bellow the 90% of the EU GDP. In practice, that analytical distinction does not influence much our discussion since both Greece and Ireland were allocated the status of the Objective One area as a whole.[16] In terms of the period that the article examines, it should be noted that due to the mostly qualitative nature of the research[17] the analysis begins in 1989 and might continue to the current programming period. Certainly, an emphasis is placed upon the Community Support Frameworks that are already completed (1989-1993 and 1994-1999).

Greece

Greece has a long lasting tradition in the implementation of Programmes of regional development. The so-called 'regional problem' of the country was identified since the early 1950's and ambitious programmes were implemented in order to assist the poor areas of the country.[18] The main problem that the country faced during the immediate post World War II period was the massive concentration of population and economic

[16] Ireland lost that status in 2000 due to the economic growth that it had followed. It was then divided in two Administrative Regions. One of them continued to be eligible for regional assistance until 2005 due to the phasing out assistance that was decided during the negotiations of the Regulations for the current programming period. The other half of the country is an Objective One area in this programming period as well. Greece continued to be eligible during the whole period of the operation of the Policy but some of its areas will probably not be eligible for the next programming period, not because they have developed accordingly but because of what is known as the 'statistical effect', namely the artificial decrease of the average EU GDP due to the 2004 enlargement.

[17] we are not interested in measuring the impact that the Policy had in the two countries, we mainly discuss processes and capacities.

[18] For an overview of the Regional Policy in Greece see Konsolas, Papadaskalopoulos, Plaskovitis, (2002).

activity in or around the area of Athens and to some extent that of Thessaloniki. Therefore, any programmes that were designed during that period followed a clear Keynesian logic of interfering in the economy in order to reorient activity outside the congested areas. The same logic underpinned the economic decisions of the post dictatorship Governments,[19] but the strong developmental imbalances inside the country were still widespread.

After the inception of the Integrated Mediterranean Programmes in 1986 the country's Regional Policy was associated with the Community financial transfers. Overall, as Konsolas et al. (2002, p. 4) point, at the date 2006, which will mark the end of the current Community Support Framework for the country, forty-five regional development programmes of total cost of 7,7 trillion Greek Drachmas (in 1999 prices) will have been designed by the Community and the Greek State.

1989-1994.

The first CSF had a largely experimental character for Greece. It was the first time that the country was involved in such a large-scale programme whilst the active involvement of the Community authorities placed significant constraints in the way the public administration operated. The total amount that the country received for that period -under the Objective 1 funding but also through Objectives 3, 4 and 5a- amounted to million ecus 13,104.[20] The support covered the following areas:

- Improvement of the basic infrastructure (transport, communications, research and technology, environment).
- Development of the agricultural sector.
- Increase in the competitiveness of the enterprises.
- Sustainable development of tourism.
- Development of human resources[21].

1994-1999.

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[19] For a description and appraisal of the economic policies of the Greek governments during the whole period after World War II see Kazakos (2001). For a discussion of the same policies with a focus on the period after the dictatorship see Tsakalotos (1998).

[20] Getimis, Economou, 1996, p. 125.

[21] ibid, p.126.

The initiation of the second programming period of the CSF for Greece marked the beginning of the finances that came form the Cohesion Fund. Together, the Structural and the Cohesion Funds contributed with million ecus 32,787.[22] The Objectives that were pursued by the Regional Programmes of the Structural Funds[23] are as follows:

- Modernisation of the infrastructure.
- Optimum utilisation of human resources.
- Development of the competitiveness of the enterprises.
- Reduction of regional disparities.

The Operational Programmes are divided in the following areas:

- A reduction in the geographical marginilazation of the country and promotion of its transport integration via big infrastructure networks.
- Improvement of the quality of living
- Development of the competitiveness of the enterprises
- Development of human resources and promotion of employment
- Reduction in both regional disparities and the isolation of the islands.

2000-2006.

The latest Reform of the Regulations that govern the Structural Funds -decided in 1998- had a significant impact in the way the Commission allocates its funding. The Objectives are reduced to three and Greece continues to be eligible under Objective One funding. The priorities of the previous programming periods are reinforced. In addition, the long-term goal of the achievement of the macroeconomic criteria that were required by the Maastrtich Treaty for the participation in the common currency also gains significant importance.[24] Therefore, the priorities of the enhancement of the country's infrastructure -both physical and human- is now associated with achieving price stability and reducing the national budget deficits. Overall, the country benefited with EUR 25 billion compared with EUR 19,271 billion in 1994-1999[25].

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[22] ibid, p. 126.

[23] There are two types of areas that are funded by the programmes, the Regional Programmes finance projects in each of the 13 Administrative Regions of the country and the Operational Programmes fund programmes in specific areas (employment etc)

[24] see Plaskovits (2000), p. 384.

[25] http://www.3kps.gr/index_en.htm

Ireland.

During both the 1989 to 1993 and 1994 to 1999 periods, Ireland was treated as an Objective One region. Overall, the structural funds expenditure in Ireland amounted to EUR 4.2 billion under the CSF 1989 to 1993 and 5.8 billion euro under the CSF for 1994 to 1999, equivalent to about 1.7 per cent of average GDP over the entire period. Including the 4 per cent performance reserve, the total Structural Funds allocation to Ireland under the CSF 2000 to 2006 amounts to EUR 3.2 billion. The country also benefited from the projects financed by the Cohesion Fund. The first programming period of the Fund was 1993-1999 in which Ireland received EUR 1,500 million. In the mid term evaluation of the Fund that took place in 2003 the country ceased to be eligible, as it has exceeded the limit of the 90% of the average EU GDP.

1989-1999.

On the whole, the main objective of the Structural Funds and other Community financial assistance under the 1989-1993 CSF was to 'promote economic development in Ireland, to contribute to the objective of raising per capita incomes there towards Community levels and thereby promote greater economic and social cohesion throughout the Community'. (Community Support Framework, Ireland, 1994-1999)

The assistance provided by the CSF 1994-1999 came under four priorities:

- The productive sector
- Economic infrastructure
- Human resources
- Local urban and rural development.[26]

2000-2006.

During the negotiations for the current programming period it was decided that Ireland would have to cease to be eligible for Objective One assistance since it has grown disproportionately to the other Objective One countries. However, the Irish Government decided to divide the country in two NUTS II Regions so that the poor part would continue to be eligible for regional assistance. Consequently, for the 2000 to 2006 programming period, Ireland has been divided in two NUTS II regions: the Border, Midland and Western (BMW) region -which enjoys Objective 1 status to 2006- and the

[26] ibid, p.24.

Southern and Eastern (S&E) region -which qualifies for transitional Objective 1 funding to 2005. That decision -and certainly the fact that the Commission agreed to continue funding half of the country until the end of the period- reflects a growing concern about the pattern of the current development that the country follows[27]. The overall objectives of the CSF are

- The continuation of sustainable national economic and employment growth
- The consolidation and improvement of the country's international competitiveness;
- Balanced regional development;
- Promotion of social inclusion.

Conclusion

This article attempted to provide an explanation to the question of why the implementation of the Structural and the Cohesion Funds had different developmental outcomes in two of the main recipient countries, namely Greece and Ireland. In order to do that it provided an overview of the main normative implications of the sub discipline that is broadly defined as Comparative Political Economy and of the main elements from the Community Support Frameworks that were implemented in the two countries.

The central line of thought in the article is that the divergent developmental outcomes can be explained if we allow for the institutional and the organisational constraints that each of the two countries faces. Certainly, much more research needs to be done in order to identify exactly what it is that constrained Greece from benefiting from the regional spending and what it was that the Irish authorities did, which lead to the successful implementation of the projects.

[27] The increasing urbanisation and centralisation of economic activity causes significant imbalances between regions. The relationship between the latest pattern of economic growth of the country and regional development is discussed in the volume edited by O'Leary (2003).

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