

This essay then attempts to highlight some of the principal problems membership of the EU has brought to the regions of Britain and the impact Community policies designed to lessen these problems have had. It also endeavours to show how membership of the EU has affected traditional national government policies implemented to reduce regional disparities.

Probably the most significant impact membership of the European Union has had on regional development in the UK is regards a deepening of the north-south divide. Although only politically recognised in the 1980s this divide has a history that stretches back to the original location of major manufacturing activity in the north of the UK. Beginning with the extraction of coal to fuel the industrial revolution, this acted as a catalyst which initiated a process of cumulative causation in northern areas and consequently led to the development of shipbuilding, textile, iron and steel and port-based activities. It was industries such as these that constituted the springboard for British expansion abroad and dominated the functionality of the regions major conurbations (Champion and Townsend, 1990).

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The Single European Act provided the legal muscle that made the target of a Single European Market by 1992 a realistic possibility (Franklin, 1990). It prevented the creation of new and began a process of harmonisation for existing legislation (including taxation and excise duties etc.) aimed at stabilising the Community's internal market and increasing the mobility of capital, labour and goods (Minshull, 1990). Consequently, a new European trading bloc has been created in which competition between companies (and countries) has increased.

Objective Percentage allocation structural funds

1. Regions lagging behind in development 63
2. Regions in industrial decline 12
3. Long-term unemployment 6
4. Youth training/employment 6
- 5a. Adaptation of agricultural structures 6
- 5b. Development of rural areas 5

Whilst this new ranking does offer some glimmer of hope for the Merseyside and Highlands region in the shape of new available capital for the area, their slide down the rankings is perhaps indicative of the general failure of EU regional policy. This failure is still predominantly attributable to the woeful lack of capital in the structural funds, a factor that is seen to be inextricably linked with the overfunding of the Common Agricultural Policy. Another reason that explains its apparent ineffectiveness is however related to the subversive activities of (the UK) government and their treatment of the funds. Whereas the structural funds are supposed to supplement national government grants to problem regions the UK government has in many cases been solely utilising EU aid, justifying the

decision via reference to the large UK contribution to the CAP and the budgetary deficit it leaves (Financial Times, 1991, Hitiris, 1991, Times, 1991, Marks, 1992, Financial Times, 1993). The conflict between the EU and UK over this matter has been so intense that "Ministers have been warned over [a loss of] £1 billion EC aid" (Financial Times, 1993, p8a) if they do not start conforming to the rules and matching EU allocations.

When the UK finally decided and was eventually acceded to the EC in 1973 it was because of a realisation in the country that a significant and momentous change had occurred on the European continent that threatened to leave Britain, as a small, isolated island, behind. Consequently, the UK joined because it offered national advantages. However, the very nature of the 'common' policies which, since membership, threaten to undermine some of the UK's sovereignty have also had important implications for regional development in the UK since all regions are not homogenous.

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As Britain's position as the leading manufacturing economy changed in the twentieth century and the growth of northern industries was checked by competitors from other industrialising nations a new source of dynamism was needed. This was provided by the boom conditions after the Second World War which led to new rounds of investment occurring mainly in consumer goods and motor vehicles and components manufacturing, though traditional industries still persisted to draw some. Relative prosperity was however short-lived as the oil crises of the 1970s signalled the onset of a long period of worldwide recession that curtailed growth and initiated a long and painful descent of industry into the 1990s. essaybank.co.uk

This historical synopsis of the changing fortunes of northern UK is needed to show how the history of the region is deeply rooted in heavy manufacturing activities and consequently just how narrow its industrial base is. Juxtaposed with the relatively stable economies of southern Britain (drawing on the continued importance of London as a primate city of national and international proportions) it is important to realise the extent of the national north-south divide, in both social and structurally economic terms, pre-membership of the European Union, before the damaging effects which inclusion offers the north can be truly appreciated.

Immediately upon joining the EC in 1973 the national north-south divide was exacerbated and extended to a European level. Not only was the north distant from the concentrated hub of growth in the south-east of the country it was now

geographically peripheral to the core of Europe and its status as such had been compounded. However, it is since the Single European Act of 1986 that the problem of increased peripherality has manifested itself as unequal levels of regional development in the UK. [wwag agw esagags ayag agba nag kcag aguk. wwag agw esagag](#)

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But within this trading bloc, according to the free market neoclassical ideals to which the European Commission adhere, the rules of comparative advantage apply. Inevitably this favours some regions as opposed to others who suffer a considerable and damaging lag in the reallocation of resources (Clout, 1994). In this instance, it is the core, offering operation at maximum efficiency with minimum transportation cost, superior infrastructure and highest profit who appear to be benefitting (Minshull, 1990, Hitiris, 1991, Clout, 1994). London, and therefore the south-east, forming an important part of this core (along with the areas around and including Paris and Hamburg) and having an abundance of companies in the expanding service sector of the labour market, have thus drawn a lot of inward investment that has increased national regional disparity and the marginality of the north in national and European terms. For example, according to EU sources the south-east recorded a GDP per capita 30 per cent above the EU average in 1988, whilst regions in the north averaged 10 per cent below EU levels (Wise and Gibb, 1993). The recent opening of the Channel Tunnel link, providing the south with fast access to the European economic heartland threatens to deepen this divide further. [wwab abw esababs ayab abba nab kcab abuk; wwde dew esdedes ayde deba nde kcde deuk.](#)

However, the inadequate ability of free market forces to reach some sort of regional equilibrium in terms of social and economic advancement had been formally recognised in the Single European Act which stipulates that all member states should partake in the pursuit of regional economic and social coherence, implying a level of intra-European regional parity (Marks, 1992). Associated with this was a decision to double the financial resources allocated to the so called 'structural funds' between 1989 and 1993 to ECU 14 billion (Nevinn, 1990, Marks, 1992, Wise and Gibb, 1993, Clout et al, 1994).

These structural funds combine the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF). Implemented as individual policies at different moments in the Community's history they were seen as largely ineffectual and merely token regional policies, with available monies too small and spending too haphazardly planned for any real benefits to materialise (Wise and Gibb, 1993). More specific criticisms of the ERDF included national governments failure to adhere to the additionality principle, preferring to substitute rather than supplement the allocated funds to reduce budget deficits, and that resources were not always targeted on the most needy member states (Hitiris, 1991, Wise and Gibb, 1993). [zx3CbAR Visit essaybank ac co ac uk ac for more ac Do not ac redistribute zx3CbAR](#)

These criticisms were noted and taken onboard in the 1988 reform package which brought the policies together under one Structural Fund that represented a concentration of all available finances. As mentioned above, these funds were then increased twofold in the period up to 1993 and a number of prioritised objectives were identified, all of which were concerned with some form of regional problem (Table 1).

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Transitional measures and innovation 2

Table 1. Allocation of structural funds to EU objectives for the period 1989-93.

Source: Wise and Gibb, 1993, p224.

Whilst undoubtedly answering many of the criticisms aimed at policy in the past, this decision to concentrate available funds on coherent plans and projects had quite profound implications for the UK as a protagonist of European regional policy. Whereas the UK had been one of the principal 'beneficiaries' of the old style ERDF (though little real benefit was actually attained), the new allocation of funds which gave priority to objective one regions meant the UK's (with northern regions initially no higher than objective two status) share greatly diminished (table 1). Inevitably this had a decidedly negative effect on declining coal, steel and textile industries in the north (Cheshire, 1991). By 1994 however, two regions in the UK (Merseyside and the Scottish Highlands) had the dubious honour of achieving objective one status in the eyes of the Commission and thus were entitled to a significantly larger proportion of the available funds (Independent, 1993).

Whilst this new ranking does offer some glimmer of hope for the Merseyside and Highlands region in the shape of new available capital for the area, their slide down the rankings is perhaps indicative of the general failure of EU regional policy. This failure is still predominantly attributable to the woeful lack of capital in the structural funds, a factor that is seen to be inextricably linked with the overfunding of the Common Agricultural Policy.

Another reason that explains its apparent ineffectiveness is however related to the subversive activities of (the UK) government and their treatment of the funds.

Whereas the structural funds are supposed to supplement national government grants to problem regions the UK government has in many cases been solely utilising EU aid, justifying the decision via reference to the large UK contribution to the CAP and the budgetary deficit it leaves (Financial Times, 1991, Hitiris, 1991, Times, 1991, Marks, 1992, Financial Times, 1993). The conflict between

the EU and UK over this matter has been so intense that "Ministers have been warned over [a loss of] £1 billion EC aid" (Financial Times, 1993, p8a) if they do not start conforming to the rules and matching EU allocations.

However, although the EU in the SEA (and in practice) have tried to introduce policies/funds to "reduce disparities between the various regions and the backwardness of the least-favoured regions" (SEA cited Franklin, 1990, p70) the conflict that exists between the notions of (interventionist) regional policy and the operation of a neoclassical market place represents a dichotomy that is difficult to resolve and that, consequently, has important implications for the UK and in particular its north.
