

A Democracy By-pass

The Regionalisation of England

Dr Richard North
Research Director
UK Independence Party
European Parliament
Brussels

e-mail: RAENORTH@aol.com

Occasional Paper No. 2
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First published July 2002
Europe of Democracies and Diversities
European Parliament
Rue Wiertz
B-1047 Brussels

Foreword

I am very pleased to be asked to write the forward to Dr Richard North's new booklet on the Regionalisation of England, appropriately and provocatively entitled "A Democracy By-Pass".

Dr North is a tireless researcher into the activities of the European Union and the labyrinthine complexities of its legislative processes. The many articles, booklets and opinions that he prepares for us are an invaluable resource. His work is always thoughtful, well researched and can be relied upon to push back the boundaries of our understanding on a wide range of issues that can have long term effects on the way of life of ordinary people.

The issue of regionalisation is no exception. Dr North's new booklet is the definitive treatment on this most contentious and complex of subjects. It provides us with a much needed step-by-step guide to the regionalisation process, including a detailed history of how it has developed from its "Genesis", shortly after the Second World War, through its growth via the EU treaties and right up to date with John Prescott's White Paper in 2002, in which he claimed the idea as his dream. He goes on to explain the real motivations behind regionalisation, which have relatively little to do with better governance and rather more to do with the further emasculation of the nation state.

Crucially, Dr North demonstrates the great dangers of regionalisation and explains how it actually takes democracy further away from the people, not least because of its threat to the future of County Councils. He challenges the propaganda of the enthusiasts

for regionalisation, who make extravagant claims about its alleged “democratic” benefits. He is particularly scathing about the lack of candour with which the policy has been promoted.

To those of us who are campaigning against regionalisation, “A Democracy By-Pass” is an invaluable tool that will help us to develop a fuller understanding of an enormously complicated subject. It will also provide us with the material we need to expose regionalisation as a dangerous new threat to the nation state. There is already a growing democratic deficit between the peoples of the European Union and the political elite in Brussels, which ultimately controls their lives. The regionalisation policy must not be allowed to widen that already gaping deficit any further.

Jeffrey Titford MEP
July 2002

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The Author

Dr Richard North works in the European Parliament as Research Director for the Group of European Democracies and Diversities. He works with MEPs from Denmark, France, Holland and the British contingent from the UK Independence Party.

A former local government officer, and then food safety specialist, Richard came to EU politics through his increasing concern at the progressive intrusion of EU measures in his professional field.

He widened his scope working for trade associations representing egg producers and small abattoirs and then through collaborating with author and *Sunday Telegraph* journalist, Christopher Booker, with whom he has co-authored two books – *The Mad Officials* and *The Castle of Lies*.

Recently having published his own book, *The Death of British Agriculture*, Richard now specialises in agriculture and fisheries politics but covers the whole range of EU policy issues in support of his MEPs in Brussels and Strasbourg.

Acknowledgements

I am indebted to my MEPs, Jeffrey Titford and Nigel Farage, and their staff, without whose support and encouragement this work would not have been undertaken. I am also obliged to David Lott for his initial suggestions and his enthusiasm for this project. I must also thank Bryan Smalley for permission to use his work on the role of the Church of England in the regionalisation process. And, as always, I must express my appreciation to fellow researcher, Dr Helen Szamuely, whose skill and judgement shaped the final version of this work.

Introduction

In May of 2002, the government published a White Paper on the regions.¹ It proposed introducing elected assemblies for the eight English regions - subject to the agreement of the British people in local referendums – devolving functions to them from central government authorities, and giving them tax-raising powers. Necessarily, in those regions that opt for assemblies, the County Councils, where they still exist, will be abolished.

According to Deputy Prime Minister John Prescott, the main sponsor of this White Paper, the idea of English devolution has been his personal dream for more than 30 years. And, from the general thrust of his White Paper, it would indeed seem that his “dream” is entirely a home-grown affair, originating from a well-founded, even altruistic desire to “bring decision-making closer to the people”.

Yet, from the perspective of the European Parliament, regionalisation looks completely different. Take, for instance, its resolution on “Economic and Social Cohesion”, issued in January 2002.² It starts with the familiar statement that: “whereas the European Union has resolved to progress towards an ever closer political Union among its peoples...” and then continues with “...cohesion policy is one of the fundamental policies of the Union and of the European integration process”.

The cohesion policy is “an instrument to reduce disparities in income” between regions. It is part of the financial package known as the “structural funds” and is thus part of the system of dispersing grants to the regions, underwriting the EU’s regional policy. But, as can be seen from the report, one of the key functions of the “cohesion policy” is to further “the European integration process”. That is the function of all the structural funds.

This position is further reinforced by a European Parliament fact sheet on “economic and social cohesion”, which affirms that EU regional policy is “an essential aspect of European integration”, and puts it on an equal footing with the single market and monetary union.³ And other European “actors” are wholly in accord with the Parliament. For instance, Stig Östdahl, Chairman of the Conference of European Peripheral Maritime Regions, warned that “without regional policy there will be no Europe, only a trade organisation”.⁴

Nothing of this can be divined from Mr Prescott’s White Paper. In its 110 pages, barely two are devoted to the “European dimension”. In those scant two pages it is acknowledged only that “Structural Funds have been the catalyst for strengthened links between the regions and the EU”. It is also claimed that they are “one of the most visible signs on the ground of the benefits of EU membership”.

Quite why the funds are a benefit is difficult to understand. The process involves the UK taxpayer sending large amounts of money to the EU, only to receive roughly half of it back to spend on projects that would not necessarily be financed without EU intervention.⁵ Furthermore, they are bound up with onerous bureaucratic conditions, to say nothing of the obligation to publicise the EU’s involvement.

That aside, nothing is said about the funds being used for European integration. In fact, according to the White Paper, “relations with the EU are a matter for the UK government”. Ever closer political union is nowhere mentioned.

Yet, the European Parliament has it right. Regionalisation is first and foremost a device for furthering political integration and, in the wake of devolution in Northern Ireland, Scotland and Wales, the so-called English devolution is part of that process. Although it may also have a domestic dimension – not least because abolition of the “shire” counties undermines the Conservative power base - it has nothing to do with bringing “decision-making closer to the people”,

nor any other of the supposed advantages claimed for it in the White Paper.

Given Mr Prescott's promise of referendums, however, when the British people go to the polls, they should know what they are voting about. The purpose of this paper, therefore, is to bring home the central thesis: regionalisation is about political integration. It is a subtle and largely unrecognised mechanism for undermining the authority of nation states within the EU, part of the process of creating a new political entity, the Peoples' Republic of Europe.

To begin, I have sketched with an outline of the regionalisation process at a European level. I then look at how it has developed in England, and then at the White Paper in more detail. I review the evidence in order to assess whether there is indeed a hidden agenda, taking a careful look at the motives and actions of the "players", especially John Prescott. I conclude with a discussion on the nature of Mr Prescott's plan and offer some alternatives.

The Regionalisation Process

In England, regionalisation involves changes to the structures of local government of a magnitude at least equivalent to the reorganisation of 1974. In fact, some of the changes are even greater because they involve the abolition of ancient regional entities, the "shires" or county councils. Additionally, there has been the progressive introduction of that entirely foreign innovation, the elected mayor, to be installed in major cities, and "cabinet governments" which are effectively replacing the established committee system of collegiate responsibility for local authority decisions.

But what is so very different from the earlier reorganisations is that this process has been carried out progressively, almost by stealth.

Only with the recent White Paper has the subject come to the fore and, even then, the real agenda has not been declared.

Part of a multi-track process

Despite the central part regionalisation now plays in EU policy, it is important to note that it did not originate with European Union institutions or their predecessors. Nor, currently, is it being driven by the Committee of the Regions (CoR), which was formally established in 1993 by the Maastricht Treaty. In fact, the prime mover was not the European Union at all.

There are two reasons for the importance of this premise. Firstly, in discussions with the many Europhiles who would seek to deny (or seem genuinely unaware of) the EU link⁶, it is easy to fall into the trap of asserting that the process is wholly an EU “plot”. Against an informed respondent, such a claim can be easily and convincingly refuted, leading to a loss of credibility.

Secondly, an understanding of the genesis of regionalisation gives a much greater insight into the driving forces behind European political integration. For, while the political movement which led to the creation of the EU is the major force behind European integration, it is not the only one. There are other “movers and shakers”. In the regionalisation movement, they are a group of relatively unknown local politicians. They are – and have been - adopting converging courses, on what is in effect a multi-track integrational process. But they use different institutions and organisations. This makes the drive for integration deeper, more subtle, and potentially more dangerous.

Genesis

The genesis of regionalisation in Europe pre-dates the European Union and even the European Coal and Steel Community (ECSC) of 1952.

The original impetus was town twinning, which was conceived, in its present day form, after the Second World War. The ethos was very much in line with the philosophical well-spring which drove the movements which were eventually to become the European Union, i.e., “the goal of protecting Europe from another fratricidal war in the future”. But the mechanism chosen was different. While the likes of Monnet and Schuman were seeking to bring nations together, local politicians had the same idea of bringing populations closer, “separated up till then by national rivalries, which gave rise over many centuries to prejudice and hate”. But they decided to work at the fringes, at frontier level.

The local politicians were fifty Continental mayors, mainly French and German, with some Italians. They were sufficiently organised by January 1951 – a full year before the Coal and Steel Treaty was signed – to found the Council of European Municipalities (CEM) as the primary instrument for realising their ambitions. Through their Council, they set about “inventing a new form of relationship between municipalities”. Their primary objective was to create a “Citizens’ Europe” and their efforts were initially concentrated on linking French and German towns.

Town twinning itself was not new – it had been done on an *ad hoc* basis long before the War. What made this project different was that “twinning” itself was not the objective. It had been “hijacked” to become a means of achieving – in the eyes of its promoters – a far more noble objective. This is revealed by the oath that each municipality was required formally to declare, before it was admitted to the scheme.⁷ It was:

...to maintain permanent ties between our municipalities, to encourage exchanges in all domains between their inhabitants so as to develop, through a better mutual understanding, the notion of European brotherhood, to join forces so as to further, to the best of our ability, the success of this vital enterprise of peace and prosperity: the union of Europe.

To make their scheme work, and expand it, the founders needed a body with international standing in Europe. The ECSC was in no position to help, but there was an organisation which could - the Council of Europe. This had been launched in 1949 as Europe's first political inter-governmental organisation and it was to the Council that the "twinners" turned. After years of background work, in 1956 their efforts were rewarded with their own representative body in the Council, the European Conference of Local Authorities. It was given formal observer status as "a consultative organ genuinely representing both local and regional organisations in Europe", and held its first meeting in January 1957.

The early role of the EEC

Shortly afterwards, with the signing of the Treaty of Rome, the EEC came into being. But regional policy was not one of its mainstream concerns. In fact, the only mention in the Treaty was a general objective of "reducing the differences existing between the various regions and the backwardness of the less favoured regions". There was no specific policy devoted to that objective and the newly formed Commission was charged only in general terms with keeping under review all systems of aid existing in Member States.⁸ Regionalisation was so low on the Community's agenda that the Commission did not even present its first memorandum on regional policy until 1965 and did not found a separate Directorate General for regional development until 1968.

The next faltering step came with the creation of the European Regional Development Fund (ERDF) in 1975, an instrument for disbursing funds to the regions. Some observers mark this as the emergence of an active regional policy, but the political realities were different. The reason for the Fund was the Commission's need to rein in "bidding wars" between Member States who were using their regional policies to attract inwards investment. Disparities in funding were contravening competition rules and by introducing its own fund, the Community could exercise better control.

But there was yet another political driver. In 1973, Britain had joined the EEC and Prime Minister Edward Heath had been determined to push the Community in a direction that would be beneficial to Britain. According to one observer:

Aware that he faced a sceptical public at home, he put at the top of his priorities for Community action the creation of a European Regional Development fund, which he saw as essential to redress the balance in the Community's budgetary arrangements... and to provide rapid and tangible benefits to convince the British people of the merits of membership.⁹

As an aside, it should not escape notice that this "benefits" propaganda has survived thirty years and been repeated yet again in Prescott's White Paper.

Thus, regional policy was, variously, a political gesture enabling, in particular, the British government to demonstrate the benefits of EEC membership, a way the Commission could control competition, and a means of correcting imbalances in Community funding. The resource allocated was minuscule – amounting to only 4.8 percent of the Community budget. And, although it was co-ordinated by the Commission, execution was on an intergovernmental basis. Member States proposed, supervised and implemented the schemes in a "top down" fashion. The regions themselves were not involved in the decision-making process.¹⁰

Interestingly, in the year before the establishment of the ERDF, the European Council, worried by the slow pace of integration, instructed Belgian Prime Minister Leo Tinderman to produce a report on "how the integration dynamism could be given impetus". He reported in 1975 and one of his conclusions was that there should be "regional and social policies". Until 1988 when the ERDF was reformed, however, regional policy in the Community, as such, simply did not exist.

Separate development

Instead, regional development continued to find its outlet outside the Community institutions. Following on from the twinning initiative, with its cross-border emphasis, there came the creation of a galaxy of inter-regional associations. The process started in 1971, when a new association was formed, the Association of European Border Regions, funded by members and national governments.

This had been followed by the Working Community of Alpine Regions in 1972, the Conference of Peripheral Maritime Regions in 1973 and the Association of Alpen-Ardia. Then, 1982 saw the formation of the Working Community of the Western Alps, 1983 the Working Community of the Pyrenees and, in 1984, the Association of European Regions of Industrial Technology, followed by the Jura Working Community in 1985.

Sharing the integrationalist ethos of the (then) EEC, all these organisations had as their central aim the eventual union of Europe. And they all had in common the same cross-border characteristics of town twinning, their structures encouraging their member regions to act together, outside the control of their national authorities. This concept of breaking down national barriers was known as “perforated sovereignty”.¹¹ It was a key part of the regionalisation process.

Then, in 1985, something of a breakthrough was achieved. The eight regional associations, plus the newly-formed Capitale City Regions Network and a group of 47 regions, formed the Council of European Regions. Chaired by Edgar Faure, former French Prime Minister and President of the Region of Franche-Comté, this Council went on to become the Assembly of European Regions (AER). An overtly political organisation, its “mission” was to bring together the regions of Europe and to allow them to act in the construction of Europe and European integration. Currently, one of its main aims is to promote:

...the institutional participation of the Regions in decision-making processes and in order to do this increase their active role in the construction of Europe, especially in the work of the Council of Europe... and of the European Union.¹²

The AER has grown to include 250 member regions from 25 countries and 12 member interregional organisations, including the UK county authorities of Bedfordshire, Devon, Dorset, East Riding of Yorkshire, Fife, Gloucestershire, Hampshire, Somerset, West Midlands and West Yorkshire.

While the AER was taking shape, the original regional organisation, the Council of European Municipalities, quietly changed its name. In 1984 it became the Council of European Municipalities and Regions (CEMR), the name it currently holds. Although its logo incorporates the EU's "ring of stars", it is an international non-profit Association under a French law of 1901. Its current president is Valéry Giscard d'Estaing, President of the Auvergne Region, also president of the EU's constitutional convention. In many ways, it is the driving force behind regionalisation.

Having "originated from the conviction that local and regional authorities have a fundamental role to play in the realisation of the European Union", it claims to provide "...popular support for Europe through the efforts of local politicians who are the elected representatives closest to the citizens". It brings together more than 100,000 local and regional authorities in Europe, federated through 42 large national associations of local and regional authorities in 29 countries.¹³

Working through (and on) the Council of Europe, it placed on the agenda – via what had now become the Standing European Conference of Local Authorities – the text for a Charter of Local Self-government. This was approved by the Council in 1985, enshrining the right of local governments in Europe to exist and requiring that they should be:

...endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment”.¹⁴

Crucially, it also entitled local authorities to form consortia with other local authorities “in order to carry out tasks of common interest” and to belong to international local authority associations. The Charter was ratified by 23 States, including the UK, paving the way for local authorities to develop and manage their own international relations, independent of their central governments. This included direct dealing with the EU, gainsaying the claim in Mr Prescott’s White Paper that “relations with the EU are a matter for the UK government”.

The Single European Act

In 1986, the Member States of a now enlarged Community agreed the promulgation of the Single European Act (SEA), the brain-child of Jacques Delors. It represented a major leap forward in European political integration, the EEC emerging in the process as the European Community (EC). With the Act, regionalisation was finally transformed into a central policy of the Community. Amongst other things, it formally established the ERDF as an integral part of the Treaties, and gave its objective a more precise definition. This became: “to help redress the principal regional balances in the Community, in regions where development is lagging behind and in declining industrial regions”.

There then followed an agreement at the Brussels European Council of 1988, which substantially increased funding for regional policy to about 25 percent of the Community’s budget. The money (about 60 billion Ecu for the period 1989-93) was to be channelled to the regions via so-called “Structural Funds” comprising three components: the ERDF; the European Social Fund (which concentrated on vocational training and employment); and part of the European

Agricultural Guarantee and Guidance Fund (EAGGF), which was devoted to agricultural structures and rural development. A proportion of that latter fund was set aside for fisheries.

To give the process real bite, a new “framework” regulation (Council Regulation 2052/88) was adopted. This made fundamental changes to the way regional policy was administered, giving effect to the Charter on Local Self-government. The “top down” approach was abandoned and replaced by three-way “partnerships” between the Commission, Member States and the competent authorities at national, regional or local level. These changes were crucial, confirmed by none other than Jacques Delors, who said in 1991:

...what for me is the most important element of these past six years in the history of European construction is that this European Council (February 1988) accepted the Commission’s proposals...”.¹⁵

Local authorities and regions were encouraged to prepare their own development plans and negotiate directly with Brussels for their funding. This led to an explosion in Brussels of offices for regional and local governments, together with their representative organisations.¹⁶ They became the vanguard of regionalisation, their staffs dealing directly with the Commission and conducting joint negotiations.

Progressively, Member State governments were relegated to passive observers, rubber-stamping the plans and contributing “matched funding”. Thus, the two streams of influence – one within the Community framework and the other without – were beginning to converge, paving the way for what some commentators have called “new regionalism”.¹⁷ “Perforated sovereignty” was becoming a reality.

To help it on its way, the Commission launched two initiatives through the structural funds, aimed at cross-border cooperation, the INTERREG and PHARE programmes. The former applied to

Member States and the latter to candidate countries. Their rationale was described in familiar terms, namely to “promote co-operation between neighbouring border regions after bearing the weight of centuries-old national antagonisms...”.¹⁸

INTERREG started in 1989 with 14 pilot schemes. In July 1990 it was extended to become INTERREG I with a budget by the end of 1995 of over Ecu 2.5bn. The initiative’s unique character was apparent in its funding mechanism – the budget was not allocated to individual countries, but to cross-border schemes under unified operational control. The Commission insisted on the creation of common decision-making procedures and the involvement of regional and local authorities, as well as local “economic and social partners”.¹⁹

And there was a ticking time-bomb, introduced into the Treaties for the first time by the Single European Act. This was the principle of “subsidiarity”. Applying only to environmental policy, it was to lie dormant until the Maastricht Treaty, when it was to re-emerge, greatly strengthened, with profound implications for regional policy.

Maastricht and beyond

In 1991, the European Parliament took a hand, producing a Charter of the Regions of the Community. And there was the creation of “Eurocities”. Styling themselves “city regions”, members extended the cross-border dimension of the regionalisation programme to major cities within the EU, further strengthening the “perforated sovereignty” agenda.

The next key event was the Maastricht Treaty, ratified in 1992. This created the Committee of the Regions (CoR), the first formal regional institution within the European Union. However, although perceived to be a major step forward, it was merely a consultative body. It had no executive power and, as a competitor to the

European Parliament – which also held itself as the champion of the regions - soon became marginalised and, effectively, ignored.

A more substantive change was an addition to the Structural Fund basket – the Cohesion Fund. Formally introduced in March 1994, it was intended to smooth the way towards Economic and Monetary Union for Greece, Ireland, Portugal and Spain. Much of the funding went to the development of trans-European transport networks and “infrastructure” projects.

The new fund was accompanied by a large increase in the Structural Funds, agreed at the Council meeting in Edinburgh in December 1992. The budget for the six years 1994-99 was set at Ecu 208 bn, up 41 percent from the previous period (1988-93). And there were more “reforms”, brought about by a Council decision in July 1993. They enabled the Commission to set the priorities for the Structural Funds and run national schemes in concert with individual regions. Member States ended up integrating their own national policies with those of the EU, even where Community funding was not involved. The Commission was, effectively, dictating priorities not only at supranational but also at national level.

There was also the other element: “subsidiarity”. Introduced in the SEA, Maastricht greatly expanded its scope. Article A noted: “This Treaty marks a new stage in the process of creating an ever closer Union among the peoples of Europe in which decisions are taken as closely as possible to the citizen”. This was subsidiarity writ large and was quickly seized upon by the regions as leverage to increase their influence. It heavily affected the triangular relationships between the Commission, Member States and the Regions, promoting what had become known as “multi-level governance”. Power continued to flow upwards to the EU but, in addition, it went downwards to the regions. In all respects, Member States were the losers.

Charter of the Regions

Despite Community developments, the “intergovernmentalists” had not yet finished. In 1993, the Standing Conference of Local and Regional Authorities of Europe organised a Conference in Geneva to tie in with the first summit of the Council of Europe in Vienna. This called for the setting up of the Congress of Local and Regional Authorities of Europe (CLRAE) which, in January 1994, became a statutory body within the Council of Europe, replacing the Standing Conference.

Meanwhile, the Geneva Conference had invited what was shortly to become the CLRAE to draw up a “European Charter of Regional Autonomy” along the lines of the European Charter of Local Self-Government. A first draft was produced in March 1996 and submitted to the Assembly of European Regions, which declared its support for what had now become the draft Charter. It offered:

...essential elements for the definition of a region, and in particular the foundation of regional self-government, regional self-government itself and regional attributions and powers.²⁰

However, the text was never formally adopted by the full Council. In a sense, events had overtaken it. But, having brought regionalisation to the Community, the intergovernmentalists were ready to move on, changing their focus to the candidate countries, especially the former USSR satellites.

The English dimension

From the end of the First World War, regionalisation in the UK has been an intensely political issue. For instance, it was a manifesto commitment of the Labour Party in 1929 that it would “...support the creation of separate legislative assemblies in Scotland, Wales and England with autonomous powers in matters of local concern”.

But no action followed this pledge from a government plagued with economic crises and finally ignominiously ousted from office two years later.

The makings of regional policy

Between the wars, the makings of a regional policy emerged in response to the unemployment of the slump years of 1934 to 1937. South Wales, parts of Durham, Tyneside and West Cumberland – as well as Scotland - were designated “assisted areas” under Special Area Acts, administered by appointed commissioners with limited powers to grant subsidies.

Progress stalled during the Second World War although Labour ministers, who managed the “home front” while Churchill prosecuted the war, founded nine Civil Defence Regions. Each had a “capital” and a commissioner charged with co-ordinating local authorities. Other major government departments were brought in to enable public administration to continue if the centre was destroyed. But the centre survived and the system never became fully operational, leaving regionalisation to atrophy. In its 1945 manifesto, the Labour Party did not even refer to it.

Nevertheless, the new Labour government reactivated the Civil Defence Boards and turned them into Regional Boards for Industry. Staffed by civil servants, industry and trade union leaders were co-opted in the venture. But the momentum slackened with the advent of the Conservative governments of 1951 and 1955. Government departments and statutory bodies continued to operate regionally, but their offices were cut back or closed. Regional Boards for Industry survived and regional initiatives were not repealed, but neither were they pursued with any enthusiasm. However, the decline in heavy industry which had been evident by the end of the war, continued. To address this, in 1962 the government set up a National Economic Development Council (NEDC) which was to recommend that a redistribution of industry at a regional level.

Labour's 1964 manifesto took up this recommendation. It committed the Party to creating Regional Planning Boards for the English regions, to co-ordinate regional planning policies under a new Department of Economic Affairs. In government, during the Wilson years from 1964-1970, Labour went further and also set up Regional Economic Planning Councils. These were constituted with government appointed representatives from industry, trade unions and local government, working with independent experts. The boards and councils were to work together within the framework of a National Plan, the boards working up regional plans and the planning councils developing broad strategies.

However, the then Minister of Housing and Local Government, Richard Crossman, was extremely concerned that the new boards would reduce the powers of his ministry. He succeeded in watering down their role, restricting their activities to purely economic affairs. Then, by July 1966, there was a balance of payments crisis which forced massive cuts in public expenditure and increased interest rates, while the government imposed a six months' freeze on incomes. This effectively finished off the National Plan, leaving the boards and councils with no real functions.

Nevertheless, interest in regional policy continued. In 1969, towards the end of the first Wilson government, a Royal Commission on the Constitution was established, reporting in 1973 (the Kilbrandon Report)²¹ – by which time Heath was prime minister. A majority recommendation was the creation of regional co-ordinating and advisory councils, partly indirectly elected and partly nominated. But two members of the Commission proposed a full-blown regional tier of government for England, matching identical plans for Scotland and Wales.²²

While none of these recommendations was implemented, as is recounted earlier in this paper, Heath's government in 1973, as well as implementing a major reorganisation of local government, nevertheless developed the regional agenda. He formally delineated

English regional boundaries, using the Civil Defence Board areas. These have since been used by the EU's Commission, with some modifications. They form the current "Euro-regions", not least for defining the European Parliament electoral and Regional Development Agency areas.

Heath did not abolish Wilson's regional boards and councils. They were still in place when Callaghan's new government took office in 1974 - although their role had been considerably diminished. Labour's interest in English devolution continued, with the publication in 1976 of a Green Paper entitled "Devolution: the English Dimension".²³ But no serious attempt was made to develop options arising from it as the issue of regional government made an impact only in the North of England.²⁴

The North had become interested after a study of public expenditure in England, Wales, Scotland and Northern Ireland was carried out, also in 1976. This showed that Scotland and Wales gained disproportionately from government spending, with Scotland, in 1976-7, attracting 22 percent more *per capita* expenditure than England.²⁵ To bring about convergence of relative spending, the "Barnett formula" was devised, named after the then Chief Secretary to the Treasury, Joel Barnett. It came into force in 1978. However, because of a fall in Scotland's population and a squeeze on public spending in the 1980s, the disparity continued. As a result, regionalists in the North East, who felt they had been unduly disadvantaged, began to argue for greater control over their own economic affairs, to redress the imbalance.

Meanwhile, the debate on regionalisation continued. In 1977, Labour's National Executive Committee published a document entitled "Regional Authorities and Local Government Reform" which put forward two models for regional government in England. This did not lead to the adoption of a clear regional policy by the Party and proposals for regional authorities in two areas, the North and Yorkshire and Humberside, were rejected by the NEC.

Thatcher's legacy

In 1979, a new Conservative government was in power, under the leadership of Margaret Thatcher. The interventionist nature of even the minimal regional support provided at that time was clearly in conflict with the ideology of what became known as Thatcherism.

This favoured market solutions rather than subsidy. Regional dispersal of firms and employment could be achieved without government support if companies were given the freedom to move away from areas of high cost, scarce labour, to low cost, labour-rich regions. Thatcher immediately abolished Wilson's councils and cut regional development grants. However, she was forced to maintain a basic regional policy in order to recover EC structural funds.

These funds were not inconsiderable - around £900 million per annum, in the late 1980s.²⁶ And, as UK regional grants were cut, regional spending priorities became dominated by EC eligibility criteria and policy objectives. Local and regional authorities found they had to turn increasingly to Brussels for funding. Interestingly, the Department of Trade and Industry, the lead department in Whitehall, was content to travel along this path toward greater Europeanisation.²⁷

There was, however, some softening of the Conservative stance. After major reviews of regional policy in 1983 and 1988, the "social" justification for regional support was accepted. But the budget for regional grants continued to be cut in real terms and the areas eligible to receive such grants ("assisted areas") were greatly reduced in size.²⁸ Assisted area status was still much sought after in the 1990s, as the key to unlock funds from Brussels, if nothing else, and by 1993 the government was adding areas like Portsmouth, Thanet and the East End of London to its list, having previously removed areas such as mid-Wales, North Devon and North East Scotland.

The Labour Party, capitalising on the reluctance of the Conservative government to fund the regions, renewed its interest in devolution. In 1992, based on a policy document “Devolution and Democracy”, it included in its manifesto a commitment to create Regional Development Agencies which would “later form the basis for elected regional government”.

By the end of 1993, the Conservative government, now under John Major, was still inimically hostile to English devolution and was pushing local government reform in the direction of unitary local authorities, leading to the demise of most county councils. In Scotland, proposed reforms were set to abolish all regional councils.

However, despite local government’s increasing reliance on EU structural funds, it was found that they were losing out through lack of regional “interlocutors”. Funding from Brussels, for schemes which often deliberately crossed local authority areas, became conditional on there being a regional team to implement and monitor programmes. Successful applications, therefore, demanded a regional approach.

To address this situation, in 1994 Major was forced to promote a regional strategy, creating ten regional Government Offices (RGOs) (splitting Merseyside from the North-West, but otherwise maintaining the “Euro-region” boundaries). They took on the functions of the previously separate regional offices of the Departments of the Environment, Transport, Employment and Trade and Industry. Their remit was to manage regional programmes and foster the development of policy areas, becoming the “voice of the government” in the regions in order to apply for EU structural funds. They were also permitted to raise loans.

This latter aspect, buried in the small print, was of considerable significance. From the origins of the EEC, the Treaty of Rome had allowed for the creation of the European Investment Bank (EIB) and the bulk of its financing (almost 75 percent) was devoted to regional

development. The EIB operations generally took the form of loans at rates close to those offered on the financial markets, but the RGOs could borrow from the Bank and on-lend at more favourable terms. Some of the loans have interest-rate subsidies attached, financed from Community funds.²⁹

At the time, the government heralded the introduction of RGOs as “an important shift in power from Whitehall to the localities” but they were still directed by senior civil servants, not by elected politicians. The regions were not awarded additional powers – this was simply administrative decentralisation.

Enter the Labour Party

The Labour Party had other plans. In 1995, it produced a consultation paper entitled “A Choice for England” in which was proposed the creation of indirectly elected regional chambers of local authority representatives. They would have two main purposes: “strategic co-ordination and democratic oversight”. But rather than compete with local government, the chambers would be their regional voice. London was to be treated as a separate case, due to the “overwhelming desire” for a strategic authority for the capital. *The Times* described the proposals as a sensible dilution of Labour’s regional policy.³⁰

A similar approach was adopted in a 1996 Labour policy document entitled: “A New Voice for England’s Regions”, and in the 1997 manifesto. Both documents made it clear that, where there were calls for the creation of regional assemblies, popular approval would first have to be demonstrated in regional referendums.

However, other forces had been at work. In 1996, John Prescott had established a “Regional Policy Commission”, chaired by Bruce Millan, the former Secretary of State for Scotland and European Commissioner for Regional Policy. His report recommended that each region should have a Regional Development Agency (RDA) “to promote economic development in the region with an

accountable and strategic regional framework”. Significantly, this was a private initiative by John Prescott – not an official Labour Party undertaking – and there was no commitment by the Party to accept the recommendations.³¹ Nevertheless, the Party’s manifesto contained a reference to RDAs and, in the Queen’s Speech of 14 May 1997, the newly elected Labour government, under Tony Blair, announced its intention to create them.

This was followed by a White Paper in the same year: “Building Partnerships for Prosperity: Sustainable growth, competitiveness and employment in the English Regions”. A Regional Development Agencies Act received Royal Assent in November 1998.

The Act established nine Regional Development Agencies for England, including one for London, their boundaries conforming with those of the “Euro-regions”. Each is headed by a board, with between 8-15 members appointed by the Secretary of State, working with “Chambers” of between 30-100 members. The chambers – many of which took on the title “Assembly” - comprised 70 percent local authority members and 30 percent drawn from other sectors: the CBI; the TUC; chambers of commerce; the small business sector; higher and further education; parish and town councils; the National Health Service; voluntary organisations; Learning and Skills Councils; regional cultural consortia; rural and environmental groups and other regional “stakeholders”.

Although the RDAs work with their chambers or assemblies, they are only accountable to Ministers - except for in London, where the RDA is accountable to the elected London Mayor and Assembly. The “assemblies” are represented by the English Regions Network (ERN), which was formed in early 2000.

About the same time as the ERN was getting underway, in April 2000, the government’s Performance and Innovation Unit published a report entitled “Reaching Out”. Amongst its many recommendations were proposals for a Regional Co-ordination Unit and more

decentralisation of government departments. The Department of Culture, Media and Sport and the Home Office have seconded members of staff to the RGOs as a result. MAFF was intended to move fully into the Government Offices by the summer of 2001.

On 9 March 2001, the government announced plans for a new fund of £15m for the chambers, to be made available over three years. Its claimed purpose was to enable them “to enhance their scrutiny role *viz a viz* the RDAs”, and thus “strengthen regional accountability”.³² The pace of regionalisation was quickening.

It was then on to the 2001 general election, in anticipation of which the Labour Party issued its customary manifesto.³³ It committed to “strengthen regional economies with venture capital funds and new powers for reformed Regional Development Agencies”. It also took a side-swipe at the Conservatives with the comment: “The Conservatives are so obsessed with the market and so out of touch with what goes on beyond Westminster that they even want to scrap RDAs – and with them the vital jobs, inward investment and prosperity that they bring”.

As regards elected regional government, the Party offered the following:

However, in other parts of the country there may be a stronger sense of regional identity and desire for a regional political voice. In 1997 we said that provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it and where predominantly unitary local government is established. This remains our commitment.

After a delay necessitated by the foot and mouth epidemic, the Blair government was re-elected for a second term. Less than a year later, in May 2002, Prescott had published his White Paper. But before even that, in December 2001, another White Paper had been published, which strongly advanced the cause of regionalisation.

This was on planning, in which it was claimed: “We are reforming the planning system to cut out bureaucracy and speed up decisions on major infrastructure projects”.³⁴ But the real agenda was the transfer of major planning powers from County Councils to the RDAs. As the White Paper put it:

We believe that there is a continuing need for effective planning at the regional level. Regionally-based policies are needed for issues such as planning the scale and distribution of provision for new housing, including setting a brownfield target and the growth of major urban areas. Additionally, there is a need for coastal planning, planning for regional transport and waste facilities, and for major inward investment sites and other aspects of the Regional Development Agencies’ (RDAs’) economic strategies. Regional planning policy provides a framework within which local authority development plans, local transport plans and other relevant plans and strategies can be prepared.

Crucially, but unsaid, most of the issues to be dealt with by the RDAs were core EU legislative competences. And such was the determination of Prescott to realise his dream that, in July 2002, *The Daily Telegraph* was reporting that he was expected to announce that he was to proceed with his plans even though, of the 15,489 respondents to the White Paper, ninety per cent disagreed with transferring powers to elected regional bodies.³⁵

The Regional White Paper

In a joint foreword to the White Paper, John Prescott and the (now) former Secretary of State for Transport, Local Government and the Regions, Stephen Byers,³⁶ wrote:

For decades, the needs and aspirations of the English regions were at best neglected and at worst ignored. The *laissez faire* and “Whitehall knows best” approaches of the past created both a widening regional economic divide and a regional

democratic deficit. By 1997, we had all but abandoned regional policy and had one of the most decentralised systems of government in the western world.

The core of the paper focused on “democratic accountability”, with the honeyed words that: “Our regional policy is about giving the regions the freedoms to make their own judgements about the regions needs and priorities, within a national framework...”,³⁷ recognising the “growing desire in some English regions for greater decentralisation and autonomy”.

The project was intended to set up bodies that were “better able to reflect the interests of the regions”. Each was to be a “voice for the region, communicating its views to the UK government on domestic and European policies which would have an impact on the region”.

However, in the short passage on the “European dimension”, the Paper did concede that most regions had “strong connections” with MEPs, the European institutions and regions in the EU, stating that the government “is keen to encourage regions to expand and enhance their relationships with the European institutions and other European regions...”.

It added: “Assemblies will be able to play their part in the less formal discussions with the institutions of the EU and interests within other member states”, noting that “Influence within the EU begins well before the process of formal negotiations between member states and operates through many more channels than the formal EU and intergovernmental processes”.

Nevertheless, the overall message was clear: “...only elected regional assemblies can offer the chance to deliver more efficient, inclusive, democratic government...”.

A Hidden Agenda?

Euro-conspiracy or not, that is the question. Not a few politicians, both at local and national level, dismiss EU involvement in the current push for regional assemblies as a Eurosceptic fantasy. On this, it is easy to be confused. Assessing the different and diverse strains of the “English dimension” of regionalism, discussed above, it is fair to conclude that regional policy is has been a party-political issue in the UK and is one that pre-dates our entry to the (then) EEC.

In general terms, it is also fair to say that there is more enthusiasm for regional support amongst left-wing politicians than there is of the other persuasion, and the issue would have been an area of contention even had we remained outside what is now the EU. Thus, it is entirely understandable that politicians such as Mr Prescott – whose left-wing sympathies are well known – should espouse the cause of regional policy, whatever his view might be on European integration.

Therefore, an argument could be made for the current UK regionalisation agenda being home-grown – albeit with EU implications – as opposed to it being primarily EU-originated, the current moves designed to bring the UK into line with the EU.

Prescott’s dream

In trying to identify the provenance of the policy, it makes sense to examine the actions and motives of its originator and primary advocate, Mr John Prescott. And even a superficial analysis of his actions seems to indicate that there is more to his agenda than simple left-right domestic politics. For a long time, he has been out of step with his own Party on this issue.

Here, it is instructive to look at the more recent events relating to regionalisation. In terms of the creation of RDAs, it appears highly significant that, while in 1992, the Labour Party had endorsed the

concept, in 1995 it backed off from its own proposals. Instead, it settled for indirectly elected regional chambers, which would not compete with local government. It will be recalled that *The Times* called this a “sensible dilution” of the earlier policy. It is also instructive to note that Prescott put RDAs back on the agenda, via his unusual, if not unprecedented, free-lance “Regional Policy Commission”. And it was Prescott who then installed them at breakneck speed once he was in a position to do so.

It is also clear that Prescott was totally aware of the “Trojan horse” role of the RDAs. Not only did he work with Bruce Millan – former European Commissioner – to push them on to the Labour Party agenda, in May 1998, as the first senior UK Government figure to speak at the Committee of the Regions, he said:

Governments must be as close as possible to their citizens, and a Europe of the regions is the best way of doing this. The UK has in the past lagged behind in this area, but the new government has been quick to start to put things right. We have a clear reforming and modernising agenda which will rebuild prosperity from the bottom up by setting up Regional Development Agencies in England.³⁸

A few months later, his views were echoed by a European Commission Official (DG XVI) speaking to a regional audience in the North of England. There, he emphasised the importance of English regions becoming more proactive on economic matters, telling delegates “if you don’t do it, who will?” Moreover, while entering the caveat that “we are not talking about UDI for the regions”, the same official claimed that an RDA was “an embryonic ministry for regional/economic affairs... They are the beginning of regional administration”,³⁹ indicating that Prescott was wholly “on message” with the EU agenda.

However, the Labour Party remained lukewarm on further regionalisation, and there were indications of tension between Blair and Prescott on the issue. For instance, in July 1999, the European

Commission was proposing to cut the assisted areas in the UK, from covering 34 percent of Britain's population to 29 percent. Prescott was reported as seeing that the "obvious answer" to the cuts was to press on with "what he sees as the next stage of devolution" - setting up elected assemblies in the eight English regions outside London.⁴⁰ The same report observed that this was "far from obvious" to Mr Blair, who was held to believe firmly that central government should only move in this direction when there was a clear demand coming from the regions.

As a further indication of where Prescott stood, the report continued:

Nevertheless, some regional politicians want to move a bit faster. Last week, the North-West Regional Assembly, which is the unelected supervisory body for the regional development agency, agreed to set up a "constitutional convention" chaired by the Bishop of Liverpool, to work out a plan for an elected assembly. A similar body has already been set up in the north-east. All of this activity is being enthusiastically egged on by Mr Prescott.⁴¹

By January 2001, however – with talk of election in the air – "insiders" were noting the emergence of a Prescott-Brown axis in support of regionalisation. The Chancellor had promised that a second-term Labour government would strive to create a "Britain of nations and regions" as part of its bid to secure an economic renaissance outside the prosperous south of England. He suggested a new package of regional policies could be unveiled in the manifesto, or shortly after the election, hinting that this might include a commitment to directly elected regional government. "As we develop regional policies that are locally generated and managed, there has to be local and regional accountability too", he told a conference at the University of Manchester Science and Technology Institute.

Members of the pro-devolution Campaign for the English Regions had welcomed the Chancellor's comments, suggesting they were the

result of an alliance between Brown and Prescott, “who is strongly in favour of regional government”.⁴²

Prescott’s aides had also been “raising the stakes in the internal battle to commit the party to a strong regional dimension in its forthcoming manifesto”. Late the previous year Richard Caborn, the trade minister and a close friend of Mr Prescott, had told a Fabian Society meeting in York: “I believe the radical programme of constitutional change we embarked on in 1997 is incomplete without an answer to the so-called English question. Regions need a clear voice to promote economic development and that in my view is best achieved through (elected) regional assemblies”.⁴³

Prescott seemed to have got his way in March 2001. Blair, “known to be cool on further devolution in the wake of the creation of the Scottish and Welsh parliaments” told business leaders in Cardiff that the government was ready to go further. But only with the consent of people living in the regions. This was regarded as a “massive boost” to regional campaigners. Two weeks earlier, Prescott had promised delegates at Labour’s spring conference a green paper on regional government.⁴⁴

Despite this, when the Labour Party issued its manifesto just before the June election, it was content merely to “strengthen regional economies with venture capital funds and new powers for reformed Regional Development Agencies”. And its promise to make provision for directly elected government in the regions was vague, hedged with the referendum caveat and the condition that “predominantly unitary local government” had to be established.

The tension between Blair and Prescott continued when there was no reference to English regions in the Queen’s speech, announcing the newly elected Labour government’s legislative programme. This brought an intervention from Europhile Peter Mandelson, former Northern Ireland secretary and “now self-appointed champion of the regions”. He warned that unless Westminster shed more power to

the regions it would risk a two-tier England that was “dangerously unbalanced”.⁴⁵

The pressure succeeded. At the earliest possible opportunity after the election, with the manifesto condition for “unitary authorities” far from satisfied, Prescott pushed out not a green but a white paper. Never mind that, with his co-author, Stephen Byers, he was besieged by the problems of Railtrack and an almost complete breakdown in the rail system. Clearly, for Mr Prescott, elected regions were and are more important – even to the extent of confronting his own prime minister.

But then, Mr Prescott, born in 1938, is no ordinary politician. Best known for his garbled syntax, behind the façade of an amiable – and sometimes not so amiable – blunderer, lies a man with an iron will. As a 17-year-old merchant seaman, he fought a bitter battle for the National Union of Seamen in a lengthy strike which led to its leadership – including Mr Prescott – being described by Harold Wilson as a “tightly knit group of politically motivated men”.⁴⁶ He joined the Labour Party in 1956, was parliamentary election agent for Chester in 1964 and stood as a Labour candidate for Southport in 1966. Four years later, he was elected to his present constituency, Kingston upon Hull East.

There is also a considerable “European” dimension to Mr Prescott’s career. In 1973, he became a delegate to the Council of Europe, where he spent two years, then joining the European Parliament in 1975. That was at the height of Labour’s referendum campaign for continued membership of the “Common Market” and just as the nascent regional policy was emerging in the EEC, with the launch of the ERDF. From 1976 to 1979, he led the British Labour group in the Parliament and so strong were his “European” credentials that he was offered, but declined, the position of European Commissioner. Curiously, none of this information is included in his *curriculum vitae* published on the 10 Downing Street web site.⁴⁷

However, declared or not by Downing Street, Mr Prescott's introduction to European politics came some thirty years ago. Yet, from his own mouth, he dates his enthusiasm for regional policy "...back more than 30 years".⁴⁸ Therefore, either shortly before or, given some latitude for an "approximate" 30 years, during his tenure as a UK delegate to the Council of Europe, Mr Prescott became a convert to regionalism. It seems hard to believe that his thinking was not influenced by ideas then current in the Council, or subsequently while he was in the European Parliament.

Not long after his return from "Europe", in 1981, undoubtedly still imbued with enthusiasm for regional policy, Prescott became Labour's regional affairs and devolution spokesman, under Michael Foot, who asked him to draw up a new policy framework to secure agreement for devolution for Scotland, Wales and the English regions. The result was a publication: "Alternative Regional Strategy: a framework for discussion", which set out plans for devolving power to Scotland and Wales and, predictably, the creation of English regions. To these objectives, Prescott, with his background in European politics, would remain constant.

Then, crucially, in 1989, Prescott was elected to the Labour Party's ruling body, the National Executive Council (NEC). Also on the NEC was another ardent regionalist, Sir Jeremy Beecham, then Labour leader of Newcastle upon Tyne City Council.

Having served on the NEC's Local and Regional Government sub-committee, Beecham was also Vice Chairman of the Northern Regional Councils Association. He was Chairman of the Local Government Association (LGA) – a post which he currently holds – is leader of its Labour Group, and was to become Chairman of the Association of Metropolitan Authorities. He was made President of the British Urban Regeneration Association (BURA) in 1995 and served as a member of the President of the Board of Trade's Working Party on Competitiveness. From 1987 to 1996, he worked with the Joseph Rowntree Memorial Trust, an organisation that

generously funds the Campaign for English Regions and which financed much of the Scottish Constitutional Convention that pressured for Scottish devolution.

Apart from their positions on the NEC, Prescott and Beecham would have had ample reason for meeting frequently and indeed they did, not least when Prescott in July 1997 – shortly after Labour came to power - invited Beecham to work in a joint venture called the “The Central-Local Partnership”. This had been set up by the government and the LGA as “a forum for central and local government to work together to tackle the multiple causes of social and economic decline, and to improve local services”.

Together, the Prescott-Beecham partnership has worked quietly and steadily to pave the way for regionalisation – often on arcane initiatives such as the “reform” of local government finance which would allow local authorities to take out capital loans without first having to seek central government approval.⁴⁹ This would enable regional authorities to approach the EIB for loans without needing to refer to the government.

But the vital element of the relationship was the route into the LGA through Beecham’s chairmanship. This was important because the LGA’s sister organisation, with which it shares an office in Brussels, is the Local Government International Bureau (LGIB). It serves as its European and international arm and, in particular, acts as the UK member of the CEMR. And, as has been identified earlier in this paper, the CEMR is one of the main driving forces behind regionalisation in Europe.

In England, the LGA – with Beecham at its head – is the driver of regionalisation, co-ordinating a plethora of allied associations, including the ERN, all moving towards the same end. The role of these “allied associations” was noted by a University of Wales researcher who concluded that bottom up “local authority regionalism” had emerged in the 1990s through them. Funded by constituent

authorities and composed of nominated members and seconded officers, these associations, he asserted, were working to create agreed policy on economic development, transport and land use questions and EU structural funds policy.⁵⁰

Small wonder that when Prescott published his White Paper, his co-enthusiast, Sir Jeremy, responded positively: “The LGA is keen to ensure that regional assemblies have the backing of local people and that the process for establishing them does not divert councils from improving their services to local people. Regional assemblies should embody a genuine devolution of power from Whitehall”.⁵¹ Unlike thousands of councillors, a hostile media and an unenthusiastic public, he had no qualms whatsoever about the idea. It was a matter of how, not whether.

And, only weeks after the White Paper, the Barnett formula again reared its head. Brown had asked his officials to review public spending “according to how far it addresses the gap between the better off and the poorest”, with a promise that money from Scotland could be transferred to poorer English regions. Meanwhile, Prescott’s officials, with their newly acquired responsibility for local government finance, were reported to be looking in detail at financial flows to England’s regions.⁵²

Why Regions?

There is another factor that gives a clue as to whether elected regional assemblies are solely (or mainly) a domestic policy. The acid test is whether, without EU influence, there would have been any political drive for those assemblies and whether even there would have been regions at all, as distinct administrative entities in the form that has evolved.

Here, historical precedent is of some assistance. For as long as there have been regional policies, managed by central government, the English have been largely content to rely on established democratic

outlets, in particular voting in local and general elections, respectively for councillors and MPs. Within the traditional structure of English governance, there has never been either a specific administrative entity such as a “region” nor regional identities which conform with the boundaries currently defined.

While Spain, Germany, Italy and even Austria have long traditions of regional structures, and such structures have been introduced to France, there is absolutely no equivalent in the English nation. Our local government structures are older than most nations in the EU and have evolved in an entirely different fashion, centred on the counties or “shires”. These areas date to Saxon times and form the core of our regional identities. The shire, in fact, was used by the Normans for raising troops and the Army has long recruited on a county basis, underlining the long-standing loyalty to these areas.

On that basis, it is plainly evident that regions are a European import. We now know that the aspirations and, to an extent, the identities of Continental regions were in effect captured and harnessed in the cause of European integration, the rise and increased powers of the regions being used to counter the powers of nation states and thereby undermine them. But, in the UK, with the exception of the former nations of Scotland and Wales, no similar structures existed. And neither Conservative nor successive Labour governments have shown any real enthusiasm for independent units with their own democratic mandates. Even Heath had no appetite for regional autonomy. His regions were simply devices into which EEC funds could be channelled.

What made the difference was the persistence of numerous “players”, including those in English local government, and in the separatist movements in Scotland, Wales and Northern Ireland. They were assisted by the Delors’ Commission using the Council framework regulations which made payment of structural funds conditional on regional structures to administer them. Without regions, access to EU structural funds would be extremely limited.

It was that reality which forced John Major's Conservative government to establish RGOs. And it was that reality that created a "democratic deficit" in the regions. Having established administrative entities which had considerable power to affect the lives of those who lived under their jurisdiction, it became unarguable that there should be some form of democratic control. Thus, the very fact that regions existed, in the form effectively imposed by the combined forces of the Council and the Commission, created the need for democratically elected regional assemblies. That dynamic was reinforced when the Blair's Labour government conceded limited autonomy to the Scottish and Welsh separatists, and created the London assembly. Together with the creation of the Northern Ireland Assembly, these moves conferred apparent legitimacy on the quest for semi-autonomous English regions.

Following that, additional duties and responsibilities have been (or are being) piled into the RDAs – not least the proposed transfer of planning functions from elected county councils to unelected regional bodies - exacerbating the democratic deficit. Then, proposed changes to the Barnett formula, and restructuring public finances, created a need for greater accountability for regional expenditure, reinforcing the need for democratic input. On the lines of "of those whom the gods would wish to destroy, they first make mad", we thus see a situation where traditional structures are being destroyed or undermined in order to justify entirely new structures. First create the problem, then offer the solution.

But the fact remains that the basic regional structures and the scope of their duties were imposed on an unwilling government, without any democratic mandate from the peoples of the "regions" that have been created, supposedly to serve them. Thus, to the fundamental question of whether regions, as autonomous administrative units, would have come into being without EU input, the answer can only be "no". As they stand, or as they are proposed with their elected regional assemblies, they have to be considered creatures of the EU.

Discussion

The great problem for those passionately interested in good governance, amongst whose numbers I count myself, is that the basic purpose of establishing regions is not primarily their governance, good or otherwise. Those behind the regional movement have made no secret of their ambition to protect “...Europe from another fratricidal war in the future”. Their central purpose was to bring populations closer together, “separated up till then by national rivalries, which gave rise over many centuries to prejudice and hate”.

A noble objective that may be and, given the traumas that the peoples of mainland Europe have suffered, one can only have sympathy for their objectives. But, as Neal Ascherson, historian, journalist and Liberal Democrat politician, observed in the same year that Major established his RGOs: “...increasing unity at the European surface and increasing diversity at regional level are in fact parts of a single development, the weakening of the nation-state....”.⁵³ That is the other reality. The regionalisation movement uses as its mechanism for “keeping the peace” the undermining of the nation state.

Yet, in our culture, the nation state is the repository of our democracy – and our identity. Those who support regionalisation would see both wither away, in the interests of the greater cause. But, on a purely logical level, one has to make a simple observation. While developing a network of regions might have some relevance to Continental stability, it is hard to argue that the shape of British local (or sub-national) governance could ever have an impact on the war-making potential of the countries of mainland Europe.

However, if regionalisation is so central to keeping the peace, why is this not said in the White Paper? And why are not its advocates also prepared to share the candour of Neal Ascherson and openly declare

that their project is specifically intended to undermine the United Kingdom as a democratic nation?

A lack of candour

It is, in fact, this lack of candour that is truly objectionable. And it is more than a little bit perverse that regionalisation, which is claimed to play a part in “bringing decision-making closer to the people”, is the culmination of a series of initiatives developed in a European context, decided by little-known groups and organisations in Paris, Geneva, Vienna, Strasbourg and, of course, Brussels, completely bypassing the normal British democratic institutions.

Arguably, a case could be made for the claimed attributes of regionalisation, and such case has been made in numerous academic papers and in Continental political circles. But it is not made in the White Paper. In fact, so robustly is the “European dimension” excluded from the main body of the paper, and ring-fenced in its own little area, that this cannot be accidental.

Take for instance the claim identified earlier that: “Our regional policy is about giving the regions the freedoms to make their own judgements about the regions needs and priorities, within a national framework....”. In any halfway informed discussion or paper about regionalisation, the concept of “multi-level governance” quickly emerges, with an analysis of the “triangular relationship” between the Commission, Member State and region. The *fact* is that the Commission sets the framework, the detail is negotiated with the regions concerned and the Commission, and the Member States pay the bills. There is no national framework, yet the White Paper pretends that the government is still in control.

Nor even is the White Paper consistent. On the one hand, it asserts that “relations with the EU are a matter for the UK government” while, on the other, it claims that the government “is keen to encourage regions to expand and enhance their relationships with the

European institutions and other European regions...”. On the one hand, it disallows the concept of “perforated sovereignty”, claiming for itself the monopoly of external relations and then, on the other, it encourages that which it has disallowed.

Such is the dissemination, the lack of openness, or the “transparency” which is so freely claimed of the European integration project, that one can only conclude that a vast deception is being perpetrated on the English peoples.

In pursuit of efficiency.

Even that, however, could be forgiven if implicit in the regionalisation process was, as is argued in the White Paper, a more efficient form of local government. But the prospect of improved efficiency is, to say the least, slight. Certainly, regional structures are the most efficient way of acquiring structural funds from the EU, but the more important issue is whether the use of structural funds is the most efficient way to support regions. In other words, is the Community method the best way of managing regional policy?

Here, advocates of regionalisation and the pursuit of funding from the EU rarely seem to mention the principle of “additionality”, the requirement that structural funds are spent on projects that would not otherwise be funded by the Member State. Add to that, the difficulty Member States have in defining their own regional policies without falling foul of Community competition law and we have an interesting situation. By and large, the Member State cannot determine its own regional policy and must go through the “Community”, where it (or its regions) are permitted only to submit schemes that it would not otherwise consider supporting. By this surreal system, Cornwall gets cycling tracks instead of help for its unemployed fishermen and tin miners.

And, if the structural funds are the “benefit” of regionalisation, such benefits as do accrue must be weighed against the constraints

imposed on domestic regional policy by virtue of our membership of the EU. These are considerable.

For instance, local authorities – some of which had “buy local” policies in order to return some of their locally collected taxes to the local economy – are no longer allowed to give preference to companies in their own regions (or even country) for major purchases. The procurement directive requires tenders to be advertised in the Community “official journal” and opened to bidders in any Member State.

The same applies to national authorities, by which means local police forces operate Volkswagen panda cars, ambulance services run Renaults, hospitals operate with Spanish surgical instruments and British soldiers, training in the Brecon Beacons where sheep used to roam freely, eat Argentinean beef – imported under preferential arrangements agreed with the EU. Public spending cannot be used as an instrument to favour the regions or, at least, not English regions.

Another factor handicapping national control over regional policy is the Community competition policy, and in particular the way the Commission authorises Member States to give aid to their regions. Recently, it allowed the Federal Republic of Germany to subsidise a run down and relatively inefficient East German manufacturer of ships’ propellers. The firm gained such a commercial advantage that a more efficient Birkenhead manufacturer (in the heart of Euro-Wirral, a major recipient of EU money) was no longer able to compete and went out of business.

And while the EU insists that its “ring of stars” emblazons the projects it supports – not least those in the Wirral, where the flag seems to fly in every street - no stars will adorn the empty sheds of a company that made the propellers for the QE2 and every major British warship since the First World War, including the Hood, the

Ark Royal and the Victorious.⁵⁴ But at least structural funds were available to sponsor the Euro-Wirral International Guitar Festival.

Then there is the government's flagship programme of urban regeneration, an important part of Mr Prescott's brief and of central concern to the President of the British Urban Regeneration Association, none other than Sir Jeremy Beecham. A major part of this programme is the system known as "gap funding" or the Partnership Investment Programme (PIP). It has allowed hundreds of successful regeneration schemes in cities all over the UK, from Liverpool to Belfast, from Cardiff to the Greenwich peninsula, including reclamation of the Dome site.

Under this system, government agencies operated in partnership with commercial developers who produced schemes for the regeneration of derelict urban land, or "brownfield sites", often mixing in low-cost housing with an array of commercial, craft and artistic uses. They then received public funding through a government agency, English Partnerships, sometimes in conjunction with the Lottery or Brussels funding, solely designed to make up the difference between the cost of reclamation and development and the project's final value.

But, in a 1999 ruling, this scheme was denounced as "illegal state aid" under Community competition rules by the Commissioner for Competition, Mario Monti. He believed the funding could be used unfairly to subsidise car manufacturers by allowing them to build on disused colliery sites, failing to grasp that the subsidies were intended to enable the development of land only where this would otherwise have been wholly uneconomical. Once PIP projects were built, they had to be let at full market rates. They therefore did not distort the market or promote unfair competition in any way. Nevertheless, Monti's banned the scheme and the urban regeneration programme is in disarray.⁵⁵

On this basis, if the reward of regionalisation is access to EU structural funds, it is a very poor bargain. At best, those funds go some way towards making up for the constraints imposed by other EU policies. In fact, they are so controlled and limited that they are hardly worth the price. Efficient, the EU policy is not.

All that remains is Mr Prescott's "inclusivity". But does Cornwall, which regards itself as a nation, really want to be part of the same region with Devon, in with Gloucestershire, Somerset and Avon? What does Essex have in common with Sussex, Cambridgeshire or Norfolk? And does Northumberland really want to be part of the same region as Cleveland, or Cumbria lumped in with Cheshire? Inclusivity has its merits, but it can also be a destructive force. The proposed regions are far too remote and detached to be able to manage local government for local people, effective or otherwise.

Some alternatives

Where do we go from here? As far as regionalisation is concerned, there does not necessarily have to be an alternative. After all, the alternative to committing suicide is not committing suicide. Local government, after decades of tinkering, certainly had its faults but, by and large, its structures are capable of serving us well if they are allowed to. Regions are not the answer.

However, regionalisation is not primarily about local government. Neither is it about "bringing decision-making closer to the people". The current proposals are simply a measure to remedy a democratic deficit that would not have existed had not these alien structures been imposed upon us in the first place. Here, it is instructive that we are not being offering the choice between "regions" and "no regions", but whether the structures which have been introduced should be subject to some "democratic" input by means of elected assemblies. We are being given a Hobson's choice.

The temptation might thus be to vote in referendums to support democracy, but that would simply legitimise a major reorganisation of local government which has been imposed without informed consent. This is not a project with which the people have been fully engaged and very few who voted in the 1975 referendum, to remain in what was then styled as the “Common Market”, could have anticipated that continued membership would one day require the abolition of our traditional forms of local government.

But there is another facet to the choice being given. Rather than a “big bang” national referendum, where the whole subject of regionalisation is aired, Mr Prescott wants a series of regional referendums, allowing some areas to have regions while others continue with their traditional structures – the so-called “asymmetric” option. By this means, he hopes to pick off the weakest regions, and gradually “salami-slice” the whole nation. Prescott may even have been influenced by the Spanish experience, where asymmetric structures have shown signs of instability. Excluded regions have been anxious to “catch up” and access the political freedoms and financial resources that more independent authorities bring.⁵⁶

Within the nation, however, what happens in one region affects others, not least if one is favoured by dint of it electing an assembly, as funds are channelled from other regions. This may well happen if the Barnett formula is revised and, as a result, funds are diverted from Scotland to the North East as an inducement to encourage a “yes” vote for an elected assembly. Scotland can now be ignored because it is safely “in the bag”, a fate which may await the North East once it has taken the silver shilling, with the funds being channelled to the next candidate.

Thus, one answer to the government’s White Paper could be that elected assemblies should encompass the whole of England at the same time and that the go-ahead should be decided by a simultaneous national referendum.

However, as I hope I have fully demonstrated, the regions are primarily intended as a mechanism for attracting and managing structural funds. It follows that, if we did not seek these funds, there would be no need for the regions. Therefore, the real answer to the democratic deficit created by installing regions would be to cease applying for EU funds and to get rid of the regions. In the interests of equity, that would also require an end to the payments that sustain them. We should restore and reform our traditional local government structures.

Nevertheless, as with all things EU, it is not that simple. The initial driver behind the EU regional policy was the competition law, which prevented Member States pursuing their own policies, forcing them into the embrace of the structural funds. Therefore, withdrawal from the regional policy, *per se*, would achieve little without also withdrawing from those aspects of EU competition policy which impinge on regional support. But so deeply are those provisions embedded within the Treaty of Rome that abrogation of them would amount effectively to us scrapping all the EU Treaties.

That could, in the final analysis, precipitate our departure from the EU. Some would regard that as too high a price to pay. But the price being asked for remaining is the destruction of our traditional systems of local government, to add to the destruction of our fisheries, our farming, our industry and, as long as we are subject to the *diktats* and manipulation of Brussels, a democracy by-pass. It is time for an amicable divorce.

Notes

¹ Your region, your choice – Revitalising the English Regions. London: DLTR. May 2002.

² Report on the Commission's Second Report to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on Economic and Social Cohesion (COM(2001) 24 – C5-0527/2001 – 2001/2207(COS)). Committee on Regional Policy, Transport and Tourism.

³ http://www.europarl.eu.int/factsheets/4_4_1_en.htm

⁴ Cited in: Inforegia (the EU magazine on Regional Policy) July-August 2001.

⁵ In fact, the “additionality principle”, which was adopted right at the beginning of regional policy, means that projects receiving Community aid must be new projects which the Member States would not have undertaken by themselves.

⁶ For instance, see Hugo Young's “This Blessed Plot”. London: Macmillan, 1998. Despite the length of his epic 570 page tome on the building of the EU, neither “regions” nor “regional policy” appear in his appendix.

⁷ This oath remains unchanged, and is still part of the twinning scheme.

⁸ Treaty of Rome. Article 93 (original numbering).

⁹ George, S. (1991) *An Awkward Partner: Britain in the European Community*. Oxford.

¹⁰ For a fuller version of this analysis, see: Gren. J (1999). *The New Regionalism in the EU*. Stockholm: Fritzes Offentliga Publikationer.

¹¹ Duchacek, I. (1990) Perforated sovereignties: towards a typology of new actors in international relationships, in Michelmann, H., Soldatos, P., eds, *Federalism and international relations: the role of sub-national units*. Oxford: Clarendon Press.

¹² <http://www.are-regions-europe.org/>

¹³ <http://www.ccre.org/site.html>

¹⁴ <http://conventions.coe.int/Treaty/en/Treaties/Word/122.doc>

¹⁵ Delors. J. (1992), *Le Nouveau concert européen.*, cited in Gren. J., *op cit*.

¹⁶ Currently, there are 25 such offices in Brussels, housing the following: ALG (Association of London Government); Cheshire County Council; Convention of Scottish Local Authorities (CoSLA); East Midlands Regional European Office; East of England European Partnership; Essex International; Hampshire, Isle of White and West Sussex; Highlands and Islands; Kent Office; Lancashire; Local Government International Bureau (LGIB); Local Government Association (LGA); Greater Manchester; Merseyside; North West Regional Assembly/NW Development Agency; North of England Office; Scotland Europa; South East Partnership; South East England Development Agency; South West UK Brussels Office; Thames Valley Brussels Office; Wales European Centre; West Midlands in Europe; West of Scotland; Yorkshire & Humberside European Office.

¹⁷ See Gren. J., *op cit*.

¹⁸ European Commission: European Dialogue. Jan-Feb 1997 issue 1. "Commission regional programmes help promote cross-border co-operation and ease nationalist tensions".

¹⁹ Euro-speak for employers' organisations and trades unions.

²⁰ <http://www.scania.org/ssf/human/0414regg.htm>

²¹ This was only one of a series of reports affecting local government. After the 1963 London Government Act, creating 32 London Boroughs and a Greater London Council (GLC), there had

been the 1966 Royal Commission on Local Government in England, established by Harold Wilson, under the chairmanship of Lord Redcliffe-Maud. He reported in 1969, arguing that existing local government structures “no longer fitted the pattern of life and work in modern England”. He recommended the abolition of County Councils and the establishment of unitary councils and was also in favour of setting up eight English provinces with indirectly elected councils. This was followed in 1970 by a White Paper on the Reform of Local Government in England which supported most of Redcliffe-Maud’s findings, particularly in respect of unitary local government. But, in 1971, another White Paper rejected the concept. Nevertheless, the 1972 Local Government Act removed County Borough Councils and reduced the number of County Councils in England and Wales to 47, establishing 6 Metropolitan County Councils and 36 Metropolitan District Councils, altering many traditional boundaries. This was regarded by many as the start of the tinkering with local government, displaying a not dissimilar mindset to the technocrats of the EU.

²² *op cit.*

²³ Dep 6965.

²⁴ House of Commons Research Paper 98/9. 13 January 1998.

²⁵ The Scottish Parliament. Research Note RN 00/31 - 4 May 2000. The Barnett Formula. <http://www.scottish.parliament.uk/>

²⁶ The Berlin agreement on the “Agenda 2000” settlement raised this to £10bn for the period 2000-2006, averaging £1.4bn per year.

²⁷ This is the great puzzle of the time. Traditionally – as evidenced by Crossman’s reaction to Wilson’s Regional Boards - central government politicians and officials tend to resist transfers of power. Many observers have noted that this no longer seems to be the case.

²⁸ In passing, in 1985 Thatcher abolished the GLC, removing left-wing Ken Livingstone, who had been a continuing irritant. He was to re-emerge as the first elected mayor of the London Assembly.

²⁹ Moussis. N. (2001), *Guide to European Policies* (7th Ed), pps 167-8. Rixensart, Belgium: European Study Service.

³⁰ “A modest proposal”. 21 July 1995.

³¹ *Renewing the Regions: Strategies for Regional Economic Development*.

³² <http://www.regions.odpm.gov.uk/chambers/>

³³ *Ambitions for Britain*.

³⁴ White Paper: “Planning: Delivering Fundamental Change”. Office of the Deputy Prime Minister.

³⁵ *The Daily Telegraph*, 1 July 2002, “Criticisms fail to halt planning changes”. Charles Clover, Environment Editor.

³⁶ The publicity was somewhat overshadowed by Byer’s resignation. With his departure however, his Department (the DETR), on 29 May, was dismantled and the regional policy transferred to a newly formed “Office of the Deputy Prime Minister” – prop. J Prescott., esq, freeing him from the Cabinet Office to which he had been attached. Prescott already controlled the Social Exclusion Unit, the Regional Co-ordination Unit and the Government Offices for the Regions and, in addition to control of regional policy, he added local government, local government finance, planning, housing, urban policy, the Neighbourhood Renewal Unit and the Fire Service. He now had control of all the tools he needed to advance his regional agenda.

³⁷ Regional White Paper, *op cit*, p 20., para 1.24.

³⁸ www.cec.org.uk/info/pubs/regional/ea/chap2p2.htm

³⁹ Graham Meadows, Director, DG XVI, speech to a conference held by the St Williams Foundation on Regenerating the North of England: Making Regionalism Work, Holiday Inn Royal Victoria, November 13, 1998.

⁴⁰ *The Economist*. 10 July 1999. Regional aid.

⁴¹ This also points up the extraordinary role of the Church of England. It has been highly active in holding meetings called “constitutional conventions”, aimed at convincing people that they had regional identities, thus stoking up support for “devolution”. The Bishop of Durham (Rt. Rev. Michael Turnbull) chaired the Archbishop’s Committee on the organisation and regional structure of the Church of England which started its deliberations in 1995. He also chairs the North East Constitutional Convention. Additionally, the Bishop of Liverpool chairs the North West Constitutional Convention; the Bishop of Birmingham, the West Midlands Convention, and the Bishop of Exeter, the same in the South West. In 1996, the newsletter of the Church of England’s organisation “Christianity and the Future of Europe” admitted that it had received in the previous four years, annual grants of between Ecu 5-9,000 from the then Secretariat General of the EU, plus a grant of Ecu 20,000 from the EU’s “Soul for Europe” programme.

⁴² *The Guardian*. 29 January 2001. Brown has regional vision for Britain. Simon Parker.

⁴³ *The Guardian*. 31 January 2001 “Divide and rule - The benefits of regionalism are beginning to attract some heavyweight support in the government as they look enviously northward”. Peter Hetherington.

⁴⁴ *The Guardian*. 2 March 2001: “Blair promises to empower regions”. Simon Parker.

⁴⁵ *The Guardian*. 22 June 2001 ““Power for the regions’ warning to Blair”. Peter Hetherington, regional affairs editor.

⁴⁶ *The Times*. 27 June 2002. Prescott resigns from RMT in left-wing row.

⁴⁷ <http://www.number-10.gov.uk/output/page98.asp>

⁴⁸ Official Report (Hansard). 9 May 2002: Column 275. Statement: Regional Government White Paper.

⁴⁹ DETR News Release 2000/0208: 22 March 2000. “Building a local government finance system fit for the future”.

⁵⁰ Bradbury, Jonathan. (2001). New Labour and Devolution. “The Labour Party and the Politics of English Regional Reform: Critical Perspectives”. *University of Wales, Swansea*.

⁵¹ *The Guardian*. 9 May 2002.

⁵² *The Guardian*. 1 July 2002. “Regions face funding shake-up”. David Walker.

⁵³ Charter 88 (the independent campaign for a fair and modern democracy). Sovereignty lecture, February 1994, “Local Government and the Myth of Sovereignty”.

⁵⁴ *The Sunday Telegraph*. 14 April 2002. Christopher Booker’s Notebook: “EU fix finishes off propeller firm”.

⁵⁵ *The Sunday Telegraph*. 9 June 2002. Christopher Booker’s notebook: “EU scuppers urban renewal”.

⁵⁶ Colomer, J. (1988). The Spanish “State of Autonomies”, *West European Politics*, 40-52., cited in John. P., Musson. S. & Tickell. A. “England’s problem region: regionalism in the South East”. Paper presented at the annual meeting of the Institute of British Geographers, January 2002, Belfast.