EUROPEAN PROGRAMS -- NATIONAL STRUCTURES -- REGIONAL OUTCOMES: IMPLEMENTING THE INTEGRATED MEDITERRANEAN PROGRAMS

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ABSTRACT

The origins and management of the European Community's Integrated Mediterranean Program (IMP) provides an exceptional test of a number of implementation and inter-organizational relations. It highlights in particular the limits both of agency-based models of implementation and of the resource dependence model of inter-organizational relations. While the IMP largely succeeded in increasing the decision-making autonomy of participating regions, as desired by the European Commission, expectations concerning the practical outcomes of the program were not fulfilled. Empirical observation not only of the political constraints faced by regional authorities, but also of their self-perceived organizational goals and legitimating models proves essential to the understanding not only this particular outcome but, we suggest, of implementation processes more generally.

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European Programs -- National Structures -- Regional Outcomes: Implementing the Integrated Mediterranean Programs

The origins and initial implementation experience of the European Community's Integrated Mediterranean Programs (IMP) have, by now, received considerable attention in the specialized literature.[1] This essay seeks to move beyond description and "evaluation" to consider what the IMP can teach us both in terms of practical policy-making and of the theoretical understanding of multi-level governance It is intended in particular as a critique of the models of agency which, explicitly or implicitly, tend to underlie most analyses of "implementation " A different model, we will argue, one that is based on exchange rather than hierarchies and takes into consideration the role of conflicting institutional structures and rules, provides a more complete and a more generalizable understanding of the European Community's regional programs

Our empirical starting point is the widely-shared observation that the reality of the various regional programs that made up the IMP did not conform to the expectations either of the member-state representatives in the European Council who approved the program or of the planners of the European Commission who had conceived its various components. This view of the IMP is neatly captured in the title of a preliminary evaluation report produced for the European Commission in 1990: "Beautiful Music Badly Played " (Bianchi, 1990) Stripped of its normative overlay, this suggests a program whose implementation deviated dramatically from the wishes and expectations of its instigators. This is true, moreover, not only in Greece or the Italian *Mezzogiorno*, where "institutional weakness" is often put forward as a catch-all explanation for why things in general don't work, but also in northern Italy and France

These latter two areas are the focus of discussion here; this essay deals only in passing with Greece and the *Mezzogiorno* We seed to understand why, in regions generally considered to be "institutionally effective," the music of the IMP was played, if not badly, then at lest in a very different key from that indicated on the European Community's original score.

Following a brief presentation of the origins and structure of the IMP, this paper proceeds in three sections. The first analyzes the IMP as a straight-forward problem of policy implementation within the framework of a principal-agent model In the following section, we seek to remedy the shortcomings revealed in the principal-agent approach by recasting the problem in terms of evolving relationships of resource dependence. The final section supplements the interest-based aspects of the resource-dependence model by the introduction of explanations based on the institutional norms and "legitimating models" held by the various participants. In a general conclusion, we consider how these various approaches can best be integrated to provide a unified model of multi-level policy making applicable not only to present and future EC regional development initiatives, but also to the more general question of relations among levels of governance.

[1]General Studies of the IMP include Bianchi, 1990, Bourgeau (1983), DeWitte (1990), Tömmel (1987), Yannopoulos (1989) Single-country analyses include for France, Boudant (1989), for Italy, Buresti and Marciani (1991), and for Greece, Papageorgiou and Verney (1993)

Introduction: The Integrated Mediterranean Programs

Approved by the Council in July 1985, The Integrated Mediterranean Program (IMP) was a seven-year budgetary commitment for the years 1986 through 1993 by the European Community to regional economic development in Greece, Italy and Southern France.[2] To this end, the Council approved spending of 4 1 billion ECU (in 1985 values) of which 1 6 billion was to consist of net additional spending, with the rest transferred from existing regional programs In addition, 2 5 billion ECU in loans were to be made available

In addition to a significant budgetary redistribution, the IMP contained a number of regulatory innovations with respect to the prior record of Community regional policy Among these were the following·

-- A clear delegation of power to the Commission, formalized by the replacement of "management committees" with an "oversight committee" whose opinions were purely advisory

-- Explicit requirements for oversight and evaluation of all projects funded.

-- Emphasis on multi-year integrated programs as opposed to unconnected individual projects.

-- Explicit provision for the participation of sub-national authorities in both the planning and management of the programs.

These features of the IMP are of particular interest because they were explicitly taken as a model for the more general reform of the Community's regional policy approved in 1988. In studying the IMP, thus, we observe the genesis of a thoroughgoing transformation in what was shortly to become one of the principal items on the Community's, and now the Union's, budget

Section I: The IMP as an Implementation Problem

It seems natural to think and speak the problem of "what happens after a regulation is approved?" as one of implementation -- indeed it is not clear how else we might refer to it. Such a characterization, however, is neither neutral nor innocent To speak of implementation is, explicitly or implicitly, to think in terms of agency *A Priori*, there is nothing wrong with this. If we are to make use of models and analogies, however, it behooves us to consider them explicitly and take seriously their potential and limitations. We must ask of our models not only "is this a good tool?" but also "is this the best tool for this particular job?." While it is, in a pinch, possible to pound nails with a shoe -- a metaphor to which we will have occasion to return

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[2]The title "Integrated Mediterranean Program" is used in official publications of the EC to mean both the overall program and the individual regional plans that it solicited ("The IMP for Crete," for example) For this reason, the plural "IMPs" is sometimes used -- still in official sources -- to refer to all of the regional programs Although this usage is somewhat confusing, no attempt is made to standardize it in this essay

-- this is not the most efficient way to drive nails, nor is it particularly good for the shoe. Our first task, thus is to examine our proposed tool, the principal-agent model of implementation, and then compare its features with those of the job at hand, understanding the results of the IMP, with a view to assessing the "fit" between the two

Implementation Models Considered in General

What do we mean by "implementation?" Writing in 1979, Majone and Wildavsky suggest several very different possibilities. Most obviously, implementation can be understood in terms of control. In this view, the "problem" is to move from a pre-established plan to desired outcome by means of a pre-determined process.

> Barring design errors, P_1 [the realization] is logically implied by P_0 [the plan] and good implementation is the irresistible unfolding of a tautology The model prescribes clearly-stated goals, detailed plans, tight controls, and -- to take care of the human side of the equation -- incentives and indoctrination. (Majone and Wildavsky, 1979. 165)

In many ways, this seems to be the "common sense" definition of implementation. As we will see below, it is by far the most common in practice -- although it seems to be dismissed by academic analysts of implementation models.[3] A well-designed program, by these standards, is one which is clear both in terms of its ultimate goal and its specific instructions, and is realistic in terms of the means available. Such a program plays for policy-making the role of an architect's blueprint in house-building, it contains all the information needed for successful construction For a given blueprint, moreover, there is only one "correct" structure. If the blueprint is used several times, the resulting houses will be identical Any deviation is due to a fault either on the part of the planner or of the building crew

Seen in this way, implementation is purposive action of a particular kind. It is distinguished from other types of organized activity by two essential features. In the first place, its goals and, to a certain extent its methods, are made explicit prior to its undertaking -- there has to be something to implement. In the context of public policy, moreover, implementation implies a division of labor We are not speaking here of putting one's own hopes, dreams and aspirations into effect, but rather of a situation in which one party seeks (successfully or not) fulfillment of its goals through the actions of another. To the extent that this other does not conform to the behavior expected of it, this is attributed either to flaws in the instructions given it or to some overriding purpose of its own. These two principles, purposive action based on an explicit plan and the division between conception and execution, situate implementation models of this kind in the larger universe of social science theories All of them, explicitly or implicitly, are variations on models of agency.

First developed to describe the structure of economic enterprises, so-called "principal-agent" models have proven useful in many aspects of political science Such models are based

[3]For Majone and Wildavsky, this model is put up as a little more than straw man, the focus of their article, as we will see below, is on quite a different approach

on a conception of individual rationality long accepted in neo-classical economics and increasingly adopted by political scientists In a world in which every individual is assumed to maximize personal utility at all times, getting some actors to fulfill the designs of others is clearly a problem.[4] Applications of principal-agent models, thus, tend to focus on the various ways in which the superior -- or "principal" -- can reduce the freedom of action of the "agents" so as to minimize the "shirking" which, other things being equal, would be their natural behavior

Models centered on the notion of explicit hierarchical control are not the only ones that can be used to explain the process of policy implementation Bardach (1980) characterizes implementation as a "loose system of games," or "the continuation of politics by another name." "The implementation process," according to Bardach , "is the *social activity that follows upon, and is stimulated by, an authoritatively adopted policy mandate*, which prior to implementation is only a collection of words." (Bardach, 1980 139 -- emphasis in original) Lest there be any misunderstanding, he subsequently emphasizes that,

> We do not say that the implementation process "translates policy mandates into action" or "transforms prescriptions into results" or "realizes policy goals " All such locutions, common as they are, misleadingly suggest that words *become* deeds Implementation is difficult, to be sure, but it need not depend on miracles. (*ibid.*. fn. 1)

Even if perfect control were possible, in this perspective it would not be desirable

> There is inevitably a certain amount of trial and error, and sometimes opportunity for trial-and-error is -- or ought to be -- built in A successful implementation process, therefore, not only avoids known pitfalls, but seeks better and perhaps unpredictable paths to new and perhaps unforeseen destinations (*ibid.*· 141)

But what is "success" in such a context? Taking this line of reasoning to its logical conclusion, the better to argue against it, Majone and Wildavsky suggest that this approach focusses entirely on process to the exclusion of purpose The success or failure of implementation in this view depends not on the congruence of outcome and plan, but rather "whether the implementation process results in consensus on goals, individual autonomy, and a commitment to policy on the part of those who must carry it out " (Majone and Wildavsky, 1979· 167)

The architect's blueprint is no longer an apt metaphor in this case Policy-making resembles more certain outdoor programs of the character-building variety, in which the object of the exercise is less to climb mountains, cross rivers, or whatnot than it is to encourage

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[4]The precise nature of the "utility" that is to be maximized becomes increasingly problematic as the situations being analyzed move farther away from the stock example of neo-classical economics In general, though, even analyses of public bureaucracies tend to stick fairly closely to the familiar proxies of economic analysis Money (in this case departmental budgets rather than profits) and leisure (*ie* the presumed preference, other things being equal, for idleness over work) are more often than not at the center of the models

teamwork and self-confidence in the participants It is by these latter standards that a given experience is judged.

It is not clear that the "bottom-up" school of implementation, as represented by Bardach, has actually strayed as far from the model of implementation as agency and control as this judgement suggests, however. Having identified the manifold ways implementation can go wrong, Bardach proceeds to suggest how policy-makers might regain effective, albeit indirect, control over their agents and thus over the ultimate policy outcome In fact, Bardach's illustrative "games" fit perfectly within a principal-agent model as examples of "shirking" behavior which must be overcome -- or, better yet, prevented -- by a strategic readjustment of incentive structures if policy is ever to move from words to deeds

Majone and Wildavsky themselves propose looking at implementation in terms of dispositions A given policy initiative, they suggest, while it may not be a perfect model for what follows, can be seen as a bundle of tools. These in turn, create a "pre-disposition" to a certain outcome, while making others extremely unlikely. A policy initiative, in this view, is judged not by its clarity but rather by its potential, the "intrinsic richness" of the ideas it contains, in the words of the authors. But this, according to them, will in all likelihood be known only after the fact : "As problems are only truly understood after they have been solved, so the full implications of an idea can often be seen only in hindsight only after the idea has been used and adapted to a variety of circumstances." (Majone and Wildavsky, 1979: 170)

At its heart, this is a probabilistic model. The original goals and ideas of a policy's instigators, although they do not determine the implementation outcome in any predictable way, do alter the likelihood of various outcomes -- in particular making certain ones extremely unlikely. In the end, however, they conclude that it may be impossible to distinguish between problems (or, presumably, successes) of policy and those of control -- in other words between the features of the original project and those of its implementation

In many ways, this characterization of the implementation process is an appealing one and, as we shall see, it fits many features of the empirical case around which this essay is centered That having been said, two points should be noted. In the first place policy-makers presumably still have a purpose in launching initiatives and a strategy for achieving it. While it may not be possible to distinguish between problems of planning and those of implementation, thus, it should still be possible to form some overall judgement as to the success or failure of the policy effort as a whole. Moreover, the fundamental components of an agency model are still in place. Just as Bardach's principals sought to control their agents by anticipating the self-interested "games" likely to be played by these last and adjusting incentives accordingly, so Majone and Wildavsky's principals seek to control the eventual outcome by providing certain tools and -- presumably -- withholding others.

If we are to use any of the models of implementation to analyze an actual policy-making episode, thus, it is necessary, as in any principal-agent situation, to specify the following.

-- who are the principals and what did they want?
-- who are the agents and what were they supposed to do?
-- how did the principals seek to control the agents?

Even in the context of national bureaucracies, this is not always easy to do Principals (elected officials and ultimately citizens) will employ a variety of agents -- some of whom (bureau chiefs, for example) are in turn cast in the role of principal to their own array of agents. Agents, meanwhile, may be under the partial control of more than one principal. (Moe, 1985) In dealing with the European Community the problem becomes even more complex, and the answer to the basic questions suggested above is far from self-evident

Implementing the IMP

In order to apply principal-agent models of implementation to the concrete case at hand, it is first and most obviously necessary to identify the "principal" whose plans and purposes are to be put into effect. In light of the decision-making structure of the European Community and of the ongoing theoretical debates surrounding it, however, the identity of this actor is itself controversial. At least two possibilities have a high degree of *a priori* plausibility; we can look either to the member-states of the Community or to the European Commission as the "principal." We examine each of these possibilities in turn.

1. Net-contributor states as principals

This characterization of the problem is in accord with the dominant "inter-governmentalist" view of the EC in general In this view, the member-state executives, through their institutional role in the Council but also their relations to each other outside Community institutions are the most important -- some would say the only -- significant influence on EC policy decisions. Other public or private domestic actors, in the now-familiar schema of the two-level game, are significant only to the extent that their preferences are taken into account by national executives. Supra-national actors such as the European Commission play little role in formulating policy and a subordinate one in carrying it out.[5] In other words, the Commission acts as the agent of the member-states if and when these last choose to allow this

Told in these terms, the story of the IMP is relatively simple faced with an enforceable demand for side-payments from Greece (and a subsidiary one from France and Italy), the net-contributor states in the Council empowered the Commission to act as their agent in monitoring the programs to be established [6] The motive behind this designation of the Commission as the Councils primary agent, breaking with the previous practice of Community regional policy, was

[5]The "inter-governmentalist" model described here was originally developed as an alternative to the neo-functionalist ideas associated with Haas (Hoffmann, 1966 and 1982) For recent development of this model, see Moravcsik, (1993)

[6]The political conjuncture that made this possible was the accession to the Community of Spain and Portugal, which the Greek government threatened to veto if its financial demands were not met (DeWitte, 1990)

mistrust of the recipient states, based on prior experience with the ERDF [7] If money was to be spent, the contributors wanted to see some results, thus their insistence on evaluation and "value for money " Provisions for financial oversight and evaluation were duly written into the regulation, and the Commission charged with carrying them out.

This interpretation of events is notable and praiseworthy for its parsimony and clarity It should also be emphasized that, especially in light of the minimalist nature of its assumptions, its explanatory power is significant. Within this model, we find a clear and convincing explanation for the timing and the magnitude of budgetary redistribution. It is also clear why the net-contributor states in their role as principals would wish to incorporate oversight and evaluation requirements as integral parts of the policy process so as to minimize "shirking" on the part of the various layers of agents involved.

More interestingly, this formulation provides a plausible explanation for the delegation of considerable oversight responsibilities to the Commission. By empowering one of their agents to supervise others, the net-contributor states can be seen as employing (knowingly or not) one of the basic tactics of organizational control It is not coincidental, presumably, that the agent so empowered was the one over which the member-states had a measure of direct juridical authority. By delegating oversight authority to the European Commission, the British and German treasuries gained a measure of control over Greek, Italian and French domestic spending authorities that one sovereign state would ordinarily not have over another.

Implementation "success" according to this view, would consist of an outcome in which the "package deal" of which the IMP was a part was adopted and the programs themselves were carried out with a degree of efficiency acceptable to the British or German finance ministries. The second of these is a straightforward problem of control and, as such, it should be possible to assess success or failure fairly unambiguously.

When this is attempted, results are not encouraging Sources ranging from the European Community's official annual reports to our own interviews with national and European officials are unanimous in pointing to evaluation as the least successful aspect of the IMP The report by Bianchi, cited at the outset of this paper, finds that, three years into the program, *ex ante* cost-benefit analysis was missing in 77% of projects undertaken , and that even indicative completion schedules were available for only 23% of measures. (Bianchi, 1990: 4) The EC's own Court of Auditors, in a 1990 report, echoed these sentiments.

> The follow-up of operations is slow and is not performed uniformly and, hitherto, it has not been adequately monitored by the Commission's managing departments. Substantial progress remains to be made if a sound knowledge of the operations .

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[7] The principal instruments of Community regional policy are the so-called structural funds the European Social Fund (ESF), the Guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and the European Regional Development Fund (ERDF) Although regional policy in general is decided by the Council and coordinated by the Commission as a whole, management of the three funds is the province of separate directorates general -- respectively DGs 5, 6, and 16

> and projects which are to be financed, and in particular their exact nature and location, is to be achieved it good time (OJEC, 1990 par. 4 5)

Beyond these "official" recognition of shortcomings, unofficial investigations suggest the existence of abuses and outright fraud on a large scale (D'Aubert, 1994)[8]

If we begin from the premise that improved financial transparence through monitoring and evaluation were the principal tasks delegated to the Commission by its member-state "principals," we are left with the conclusions that the Commission was not up to the task -- and that the member-states were accordingly injudicious in their choice of agent There are a number of problems with this approach, however.

In the first place, the scenario suggested as an explanation for delegation of supervisory authority to the European Commission, although it is theoretically plausible, does not fit the historical record particularly well, as will be detailed below. To look at the IMP in this way, moreover, leaves a number of key aspects of the program unexplained. In addition to the increased delegation of decision-making power to the Commission noted above, the chief innovations of the IMP with respect to previous EC regional policy were the emphasis on multi-year programs instead of individual projects, the "integration" of the Community's various instruments and, most importantly, the effort to involve sub-national decision-makers directly at every stage of implementation. Neither of these would seem to be calculated to simplify the process or increase either its efficiency or its transparence.

The nature of the specific development projects encouraged by the Commission as the program evolved is also puzzling in terms of the assumptions established so far. It is not clear, for example, why a program that sought financial transparence and value-for-money would systematically discourage projects centered on physical infrastructure in favor of intangibles such as the development of business services, since the former are obviously easier to monitor and assess than the latter. These features were central to the program from the outset, and the Council, including the net-contributor states, approved it knowing this Either the model suggested above has mis-specified their preferences, or they are not really the principal

2. The European Commission as Principal

One possible solution to the "puzzles" suggested above lies in a re-evaluation of the role of the European Commission. This interpretation of the situation remains within the P-A framework, but changes the identity of the principal, casting the Commission itself in that role rather than seeing it solely as the agent of the member-states The net-contributor states are seen in this formulation neither as principals nor agents, but rather as a political background condition. In many ways their role is similar to that commonly attributed to citizens (either as individual voters or as organized interests) in studies of decision-making in democracies Their role is to

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[8]The study by D'Aubert, a member of the French National Assembly, although journalistic in style and largely silent about its sources, is of considerable interest Among other conclusions, D'Aubert points out that calls by member-states for greater financial rigor in European programs is often disingenuous In practice, fraud and other irregularities can serve as useful "bargaining chips" among the member states -- and are valued accordingly

select decision makers and to impose certain boundary conditions for acceptable policy, but not to decide directly. In our case, the member-states are seen as having determined the limits of acceptable policy (global budget, evaluation and oversight requirements) as well as its timing, but its positive content is attributed to the Commission

The chronology of events leading to the adoption of the IMP directive lends a measure of *a priori* credence to the assertion that the political events of 1984-85 and, in particular the Greek threat to veto Iberian accession -- should be seen as only a permissive cause of the IMP initiative while the Commission's role is upgraded from agent of the member states to policy-maker in its own right.

Indeed, proposals for Mediterranean programs were made by the Commission as early as 1981 (CEC, 1981a) and a detailed draft directive was ready in 1983 (CEC, 1983a) well before the Greek ultimatum of 1984. While these efforts were due in part to pressure from Greece for recognition of its "special status" within the Community, (CEC 1982 ; CEC 1983b), their ultimate origin is to be found earlier, as part of the Commission's general reappraisal of the Community's agricultural and regional policies in the very early 1980s. If a proximate cause for these efforts is to be identified, it is not so much the attitude of the Greek government as the so-called "mandate of 30 May 1980" in which the Commission was charged to carry out a wide-ranging review of the Community's budgetary situation. (CEC 1980 ; CEC 1981b ; CEC, 1983c)

If this approach is taken, we must once again seek to evaluate the goals and methods of the principal in order to know what to look for in terms of implementation "success" or "failure" The evaluation report by Bianchi (1990) provides a particularly clear set of possible answers to this question

For Bianchi, the Commission's purpose in designing the IMP regulation can be summarized in terms of three "principles." According to these, the IMPs should be:

1) conceived as actual programs for local integrated development
2) provided with rigorous parameters for presentation and evaluation
3) developed at the pertinent geographical level (Bianchi, 1990 22)

Bianchi's second principle can be seen as a re-statement of the desire of "value-for-money" which was attributed above to the net-contributor states. The other two, "integrated programs" and "pertinent geographical level," on the other hand, are more readily attributable to the efforts and desires of the European Commission

As analyzed in this report, the bulk of regional IMPs come up short In addition to the problem with monitoring and evaluation alluded to above, Bianchi's report faults the regional plans on a number of grounds (*ibid.* 4):

-- *IMPs as real programs*: Only in a very few cases (some Greek IMPs) is the substance of a real territorial plan identifiable For the most part, IMPs seem to be casual sets of actions, *i.e.* components of broader pans (France) or mere supplementary financing (Italy)

-- *IMPs as instruments for integrated development*: The IMPs' main mission is undermined by resource scarcity. . IMP investments correspond, in almost all French and Italian regions, to some 10 ECU *per capita* with an incidence on gross regional product often lower than 1%. ..[9]

-- *Spatial allocation* Measures have been spatially distributed in such a way that 45% of them cover the whole IMP region, whereas less that one in five are correctly applied to specific local systems, as necessary in an integrated development approach

Unsurprisingly, economic evaluations carried by Bianchi and his associates in three regions of France and northern Italy found no observable economic impact from the IMP.[10]

In light of our earlier discussion of implementation models, the first striking thing about this report is not so much its findings as its method We are clearly dealing here with "implementation as control." The "IMP principals" are taken as given and success or failure judged according to how closely they are transformed into reality. This orientation is made clear in the title, "Beautiful Music Badly Played;" the IMP principles are the musical score for one particular composition -- and the musicians are not expected to improvise Seeking to salvage a hopeful conclusion, Bianchi looks to the future:

> .IMP experience could prove "immensely valuable", provided IMP design and implementation in progress be critically evaluated, in order to derive lessons to be embodied in a new generation of integrated development programs in which the "words" of Regulation 2088 (the three IMP "principles") would be made "flesh " (Bianchi, 1990: 14)

The answer to a perceived failure of control, thus, is seen as using it to devise more sophisticated, and presumably more successful means of control, thus making possible this long-sought incarnation Eugene Bardach, presumably, would not approve.

In order for agents to carry out the instructions of their principals, however, these instructions must first be understood. Nowhere in Bianchi's report is there a hint that communication of this sort might be a problem The "IMP principals" are stated and commented as if they were generally understood by all parties involved. In fact, however, none of the key terms around which the "IMP principles" are structured, is self-defining In order to know how "integrated programs" differ from a dis-integrated ones and what the "pertinent geographical level" might be, it is necessary to go beyond the text of the regulation and investigate how these concepts were actually developed

What is "integrated development?" -- Of the policy concepts found in the IMP, the evolution of the "integrated approach" is perhaps the most internally complex Indeed, under

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[9]The regions of Corsica, Molise, and Basilicata are cited as exceptions to this rule, in each of these, IMP funding accounted for between 6% and 7% of gross regional product

[10]Regional studies were carried out in Toscana, Emilia-Romagna and Languedoc-Rousillon

this rubric can be identified two or possibly three quite different ideas and projects for reform, all of which were being discussed within the Commission in the late 1970s and early 1980s

In the first sense, financial integration was opposed to the uncoordinated way in which the various Community and national instruments were perceived to be acting in the 1970s The remedy proposed was first and foremost coordination of these instruments, so that their effort might be more coherent and complimentary

In its second sense, the "integrated approach" was contrasted to a sectoral approach The goal here was to integrate the various economic and institutional components of a problem or an economic objective with a view to socio-economic development in the broadest sense.

Either or both of these could -- but need not -- be combined with an emphasis on local or "endogenous" development, defined largely in opposition to the "top-down" approach identified (rightly or wrongly) with national planning schemes and bureaucracies such as the DATAR or the *Commissariat du Plan* in France, the *Cassa del Mezzogiorno* in Italy, or the Department of Environment in the UK. The proponents of endogenous development stressed both local, as opposed to central, decision-making and the mobilization of local resources and capabilities, as opposed to depending on resource transfer from the outside.

Although these various meanings were potentially complimentary, they seem to have different origins, or at least to have been given a very different degree of relative emphasis by various actors within the Commission. The dominant view remained a fairly conservative one, seeing "integration" principally as the coordination of the Community's own policy instruments. By the mid 1980s, however, the Commission's interest in the more radical notion of linking a sectoral approach with "local development" was well known The wording of the IMP resolution in no way indicated which of these interpretations, or what combination of them, was to be retained.

What is the "pertinent" geographical level? -- This question was directly linked to the previous one. An emphasis on "local endogenous development" necessarily implied focus on small areas The IMP's stated ambition of aiding the restructuring of the Mediterranean economy of member-states in preparation for the accession of Spain and Portugal, meanwhile, seemed to suggest a much broader macro-economic focus. If this latter interpretation was to be the dominant one, however, this was certainly not clear at the outset A senior Commission official, interview for this project, recalled "great competition" among the various levels of government and administration in the various recipient states for the delegated authority of the IMP -- competition which came into the open at a series of "large and contentious meetings" which were held in Brussels after the approval of the IMP resolution among Commission officials and national, regional, and local authorities

The Community's track record leading up to the adoption of the IMP regulation gave little hint as to which interpretation would be preferred. The Community's earliest "integrated operations" were aimed at the infra-regional level, cities (Naples and Belfast) and sparsely populated rural areas (the Western Isles of Scotland, or the Lozère, in the French Massif Central) were the targets (Bernardini, 1982) The IMPs, on the other hand, were with few exceptions organized at the regional level.[11] Did it follow that actions under the IMP were to be targeted at regional, rather than infra-regional economies? The answer was not apparent.

It should not be assumed that the decision to organize the majority of IMPs at the regional level represented a clear-cut policy choice In large part, this decision seems to have been brought on by the administrative impossibility of managing the much larger global budget of the IMP at any level below that of the regions. As expressed by one of the Commission officials interviewed for this project, "we couldn't very well have hundreds of IMPs." It does not follow that the proponents of "endogenous local development" both within the Commission and in the field, were instantly converted to the regionalist approach, however [12] The intentionally vague term "pertinent geographical level" represented a deliberate compromise between two unreconciled views.

The net result of this rather confused state of affairs was that this set of interlocked debates, far from being settled once and for all in Brussels either before or after the adoption of the final IMP resolution, were transferred to the national and regional level. There, the various political and administrative authorities continued their competition for control of the new programs, each confident that they were carrying out the "true" intention of the IMP -- or at least able to make a reasonable case to this effect.

Beyond implementation as control -- This brief exploration of the "legislative history" of the IMP points to a fundamental problem in thinking of this as a straightforward problem of "implementation." If key terms are subject to multiple and conflicting definitions, the image of the regulation as "blueprint" for concrete policy must clearly be reconsidered.

In fact, however, the conceptual problem is deeper The goals of the European Commission -- and most particularly of its President -- included not just a concrete set of development projects, or even a particular approach to the general problem of regional development, but the strengthening of some of its presumed "agents" (regions) at the expense of others (national administrations). Evidence for this assertion is found once again in the "legislative history" of the IMP regulation In this case, the key developments are those of period between the Greek ultimatum of the Dublin Summit in December 1984 and the ultimate adoption of the IMP regulation by the Council in July 1985 -- a period that corresponded with the arrival of Jacques Delors to the office of Commission President

Three key changes were made to the existing draft at this time the global budget was reduced by a third, roughly from 6 billion to 4 billion ECU, and provisions were added increasing the autonomous power of the Commission and explicitly recognizing the role of sub-national

[11]Exceptions to the regional "rule" were IMPs for the *départements* of Drôme and Ardèche in France, and the Greek IMP for information technology, which included the entire country

[12]The organization of the Community initiative program LEADER (*Liens entres actions de développement rural*) can be seen, among other things, as a subsequent "localist" reaction to a perceived over-emphasis of the regional level in the IMP at the expense of genuine "local development" (Smith and Smyrl, 1995)

authorities. Although it may seem as the most straight-forward of the three, the budgetary provisions should be understood in light of the other two Accordingly, these are discussed first.

The most obvious innovation in the 1985 draft regulation with respect to earlier Commission proposals was to be found in Article 7, which provided that:

> An advisory Committee on Integrated Mediterranean Programs shall be set up The Commission shall be made up of the representatives of the Member States and chaired by a representative of the Commission It shall deliver an opinion of each programme, paying special attention to the integration of operations, the coordination of measures, and the use of the specific additional resources referred to in Article 3.
>
> Without prejudice to all the provisions applicable to the Funds and budgetary allocations for structural purposes, the Commission shall approve IMPs after consulting the aforementioned Committee

This provision was amended by the Council to provide for a "second reading" by the advisory committee in case of initial disagreement between it and the Commission, but maintaining the Commission's ultimate power of decision.

The shift from the structure of "management committees" that had characterized the old ERDF to the "advisory committee" established by this article represented a major gain in autonomous decision-making power for the Commission, and was seen as such at the time. Even after the final budget compromise had been agreed to debate continued on this point. In the end, an extraordinary meeting of the Council agreed to the Commission's proposal with only the minor amendment alluded to above (*Agence Europe*, 24,25 June 1985) While it may be possible, as we did above, to construct an *ex post* rationalization of this development as being in the "true" interest of the member states, thus, there is little indication that these saw matters in this way at the time

In effect, this measure left the Commission, and most particularly its President -- who, had kept for himself the portfolio of "coordination of structural funds -- in ultimate control of project selection and thereby of the program's overall orientation It does not follow that projects were thereby "micromanaged" from Brussels by the Commission presidency, the real effect of this measure was to prevent such "micro-management" on the part of representatives of the member-states.

The impact of this change was compounded by the fact that, unlike the prior practice of the ERDF, the IMP sought to avoid national quotas In the case of Greece, this proved impossible, and the regulation as adopted guaranteed it a sum of 2 billion ECU (Art. 10, Par. 3) No indication was made, however, of how the remaining sum would be shared out between France and Italy This Commission was neither accidental nor trivial Behind it lay an express desire on the part of President Delors to see this new program managed on a basis different from that of existing regional policy. Speaking before the European Parliament in February 1985, he expressed his view of this mater

> Every time I present this programme, I am asked how much for Greece, how much for Italy, how much for France? This is a question I am not prepared to answer, since I find it quite unacceptable because it is a perverse extension of the idea of "fair return" to apply to all facets of Community life
>
> For this reason, a committee will be formed to examine these programmes Each of the countries will be given fair treatment and account will be taken of the need to help Greece adapt its economy. However, I personally refuse to say what percentage of the programme will go to a particular country since, were I to do so, how could we claim that thee programmes were to be adopted on their individual merits? (OJEC, 1985c)

The committee in question, as we have seen, turned out to be purely consultative Effective power to guide the program was left where President Delors wanted it -- in the hands of himself and his colleagues on the Commission.

The second innovation was more unexpected[13] Article 5, paragraph 2, of the Commission's 1985 proposal reads

> IMPs shall be drawn up at the relevant geographical level by the regional authorities or other authorities designated by the Member States concerned.

Previous versions of the proposal spoke in terms of a single national-level plan for each recipient state, and made no mention of the participation of sub-national authorities in any way. The double thrust of this new article was not only to specify that the programs themselves should have as their target regional, rather than national economies, but that sub-national authorities should be directly, and even primarily responsible for drawing up project proposals

While the member-states retained the right to designate the authority in question, there can be little doubt what the Commission had in mind. In the parliamentary address cited above, President Delors had addressed this point directly:

> . everyone is agreed, I think, that the regions concerned must work out for themselves development programmes which are geared to both enlargement and their own development, and which are realistic in the light of the growth obtainable, the potential outlets and possible technical developments It is also agreed that the programmes must be seen as a whole That is what we should understand by an integrated programme
>
> This is my first idea ... that what we are aiming for are relevant and practicable integrated programmes devised by the regions themselves (OJEC, 1985c)

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[13]A close collaborator of President Delors, interviewed for this project, recalled that the members of the Committee of Permanent Representatives were, in his words, "stupefied" upon receiving a draft regulation that would have the Commission negotiating directly with sub-national authorities

Whether "everyone" was really agreed on this subject is a debatable point, but the intent of the Commission's newly-installed President, at least, was reasonably clear The pursuit of "economic and social cohesion," that is to say the reduction of disparities between the richer and poorer regions of the Community, was to be attained through a flowering of regional diversity and creativity

Taken together, moreover, these two steps were mutually reinforcing. In addition to encouraging regional policy-making autonomy for its own sake, it seems clear that bringing sub-national authorities into the EC policy-making process increased the potential freedom of action of the Commission itself In a dialogue with only the member-states, the Commission was bound to come out second best. Increasing the number of participants was one way to redress the balance. In the words of one participant in this process, the Commission was, in the mid-1980s, "looking for new interlocutors."[14]

In light of these priorities, it becomes easier to understand why the one compromise Jacques Delors was readily willing to make was a budgetary one. Had the principal purposes of the IMP been to have a macro-economic impact on regional development in targeted areas -- or even to increase the global volume of funds transiting through the Community budget in pursuit of some unspecified Euro-federalist agenda -- we would expect the opposite choice to be made. Instead, the Commission President chose to trade money for regulatory innovation. [15]

To criticize the program on grounds of financial insufficiency is therefore to miss the point. The innovative aspect of the program was not so much what would be done as how and by whom it would be done. What the Commission sought to do was not so much to act through national and regional agents to achieve a set of concrete purposes as to alter the balance of power among the "agents" in question.

Limits of the Principal-Agent Model of Implementation

Having put forward certain hypotheses concerning the intentions and preferences of the European Commission in putting forth the IMP, we are naturally led to inquire whether these were achieved. Were the program's goals, in other words, successfully implemented?

In light of the way in which the IMP's goals have ben cast here, however, none of the agency-based models of implementation with which we began this discussion are particularly well suited to dealing with this problem. It is fairly obvious that we are not dealing with a situation

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[14]It is worth noting that the French official who offered this analysis did not intend his assessment to be complimentary, but was seeking to illustrate what he considered as the Commission's overstepping of the proper bounds of its role For a similar point of view, see Chicoye (1991)

[15]Perhaps facilitating Delors' decision was the likelihood that, in any case, even the original sum would probably have been too small to have genuine macro-economic impact -- and had been criticized as such both by the Greek government and by certain elements in the European Parliament This budgetary revision, while it undoubtedly helped establish Delors' credentials as a "responsible" interlocutor in the opinion of the net-contributor states, should not be seen as having fundamentally altered the nature of the program

of control The IMP regulation was not a blueprint for regional development, diversity, not uniformity, was the desired outcome Nor was the purpose of the program simply to encourage "local development" for its own sake. To the extent that the Commission was interested in promoting "consensus on goals, individual autonomy, and a commitment to policy," this was a secondary consideration Majone and Wildavsky's model of implementation as a set of "dispositions" is closest to what we observe The IMP did indeed create a set of tools which, it was intended, would tend to make certain types of outcomes likelier than others

In this context, our assessment of "policy success" cannot be limited to seeing how closely the implementing agents adhered to a set of pre-determined guidelines This too-strict application of the notion of implementation as control is what led to the overly-pessimistic initial assessments of the IMP such as that by Bianchi.[16] Instead, we must step back and examine the situation more broadly, observing how the new tools made available by the policy initiative were used in practice, and what the net effect of their use has been.

Finally, the nature of the participants in this process makes the whole business of assigning roles of "principal" and "agent" highly suspect. Neither the attempt to reduce the European Commission to the role of "agent" of the member states nor the hypothesis that it actually played the role of "principal" is entirely satisfactory. In fact, the Commission -- in its multi-faceted way -- and the member-states were active and constructive participants, and none of them was internally unified The national and sub-national actors identified as "agents," moreover, patently did not think of themselves that way. Nor did the regulation (at least as seen by the Commission) treat them that way. We are left with an absurd situation of having a great many principals and no agents All of this suggests that a conceptual shift may be the most helpful way to make progress

Section II: The IMP as a Problem of Power and Resource Dependence

The central conclusion of the first section of this essay was that the overall purposes of the IMP initiative was to effect a change in the nature of interaction among European, national, and sub-national levels of government and administration -- or, more realistically in light of the limited scope of the program, to experiment with tools and methods by which such a change might eventually be encouraged. The change in question, as we have seen, was towards greater decision-making autonomy on the part of the sub-national units This was desired by the planners and officials of the European Commission both because a number of them believed that this was the best way to bring about the economic and social cohesion of the Community as a whole and because the Commission Presidency saw in the more active role of the sub-national level a way to expand the Commission's own margin of maneuver and influence.

The "outcome" to be analyzed and assessed is thus a system (or systems) of power relations among a large number of political and administrative actors, not a set of development projects. We must determine, in particular, to what extent the tools and resources provided by

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[16] It should be noted that, in his own later writing, Bianchi has significantly modified his view of the IMP's overall impact on the process and results of regional economic planning in Italy (Bianchi *et al*, 1994)

IMP have allowed actors at the sub-national level to play a more significant role in territorial development. Assessing such an outcome takes us into a very different conceptual universe from that with which we have been concerned thus far

Legal Authority and Local Autonomy

The change to be assessed, we must stress, was not primarily a legal or juridical one The European Community obviously lacks the power to alter the internal administrative and political organization of member states. The distinction the formal devolution of power to sub-national units in the legal sense and a *de facto* increase in local decision-making autonomy is thus critical

In making this distinction, we follow the lead of a number of scholars of "local government," who have shown that the questions of juridical decentralization and local autonomy can be treated separately. More specifically, the scheme of legal/institutional relations among a center and various levels of periphery does not, by itself, determine the degree of autonomy that will be available to sub-national units, although it is certainly a contributing factor

Within a given legal framework, B C Smith observes, various agents of central influence tend to "seek agreement before action rather than sanctions and enforcement after it" (Smith, 1985· 92) by means of control over and selective sharing of information, organizational assistance, financial incentives, *etc*. This relationship determines the degree of "local autonomy," and may result in *de facto* situations quite different from what might be expected based on analysis of the juridical framework of central-local relations alone In this conclusion, based on the study of British local government, Smith parallels some of the more sociologically-inclined observers of the French situation, such as Worms (1966) and Mény, (1987), as well as Italian scholars of the "neo-localist" school such as Fichera (1982) All of them argue against an over-emphasis of the legal aspects of relations among levels of government and administration.

The Resource Dependence Model

A powerful tool for understanding relations among levels of governance is provided by R.A W. Rhodes' model of "resource dependence." Its starting point is the sociology of organizations, largely in the form developed by Michel Crozier and his collaborators Rhodes (1981; 1986) applies the principles of sociology of organizations to the analysis of local government and central-local relations. The model that he produces is extremely detailed, which is not an unmixed blessing. In addition to a certain unwieldiness, his model in its fully worked-out form tends to be quite Anglo-centric A simpler form of Rhodes' model, however, has proven quite robust.

From the outset, Rhodes presents his contribution as an alternative to models of agency in which "local authorities implement national policies under the supervision of central departments." (Rhodes, 1981 14) Instead, relations among levels of government -- like relations among organizations more generally -- are characterized by the exchanges of resources in order to achieve the self-defined organizational goals

In addition to financial resources, the most obvious case, these include organizational resources -- information as well as the expertise required to act upon it Less tangible but also important are what Rhodes refers to as "political" resources -- the legitimacy, however derived, that gives one government access to decision-makers in another -- and "hierarchical" resources -- the practical authority to issue commands and require compliance To the extent that organizations need resources that they do not themselves possess, they are said to be resource-dependent "A local authority is dependent on a central department to the extent that it needs resources controlled by the department and cannot obtain them elsewhere." (*ibid.*: 99)

A key aspect of Rhodes' model is the notion that the resources needed by a local authority or any other organization, and thus the basis of their power-dependence relations with other organizations, are not defined objectively by external conditions. Instead, they depend on the self-defined goals of the authority or organization in question. Realizing that organizations, especially political ones, are seldom unitary, Rhodes nuances this hypothesis by attributing organizational goals to a "dominant coalition" rather than to the organization as a whole.

Not all conceivable exchanges and networks, finally, are possible. Faithful to its grounding in the Sociology of Organizations, Rhodes model reserves an important place for unwritten but generally recognized "rules of the game " Together with the allocation of resources, these shape the environment within which organizational actors pursue their goals and strategies.

From Rhodes' analysis comes a number of key ideas which can be used to distinguish it from the "hierarchical" model of agency Perhaps the most important is the necessity of conceptualizing the relationship among levels of government in terms of networks of exchange, rather than as hierarchies of authority. Exchanges of power resources among unequal partners, it is stressed, are still exchanges, the freedom of action of the weaker partner, while it may be severely limited, is nonetheless real This is an important step in defining the role of regions -- and sub-national actors more generally In this context, they can be seen as one more player in the "game" of territorial politics, linked to all the others in relations of resource dependence and exchange.

A second central idea is that power and dependence, in this context, must always be expressed as a ratio. Just as the price of a good, in simple economic theory, cannot be determined unless both supply and demand are known, so relationships of resource dependence cannot be understood without reference to the goals and resources of all parties to the exchange. Thus, a development that brings new resources to all parties, but more to some than to others, can lead to a net increase in resource-dependence for those who gained the least, especially if new needs as well as new resources were created the case of the IMP will provide an example of just such a development

Possible Outcomes of the IMP Initiative

In the vocabulary of the resource dependence model, the launching of the IMP represented the creation of a new set of power resources. The nature of these resources, it should be stressed, was varied In addition to the obvious financial resource represented by the four billion ECU budget, the IMP regulation contained provisions that translated into political and hierarchical resources. The question was who would seize these new resources, and what effect they would have on multi-level relationship of resource-dependence

The "predictions" generated by this framework concerning the impact of a new power resource depend critically on the assumptions made at the outset concerning the initial distribution of power resources, the organizational goals of the various participants, and the "rules of the game" governing resource exchange. In the present case, at least two scenarios have received considerable attention,

The first, which corresponds to the expressed wishes of the Commission planners, predicts a strengthening of both Commission and regions at the expense of the state. This second scenario, moreover, would predict a diversity of policy outcomes as regional actors, freed to a certain extent from the budgetary and regulatory constraints imposed by central authorities, develop original responses to specific local problems.

A second set of assumptions produces diametrically opposed predictions In the work of Jeffrey Anderson, explicitly based on Rhodes' framework, we find an analysis of Community regional policy that predicts a strengthening of central states and an increase in resource dependence for regional authorities vis-a-vis both the state and the European Commission. Although neither of these scenarios prove altogether accurate in the case of the IMP, it is worth examining each in turn.

Regional empowerment -- Although not expressed in these terms, the intentions of the Commission, both as stated formally in official documents and as explained in interviews with Commission officials clearly included lessening the resource dependence on national governments of both the Commission itself and of sub-national, and especially regional, authorities The reasons for this is found in the conjunction of the various policy conclusions traced in the preceding section to this paper Among the most important of these, it will be recalled, were a belief on the part of at least some Commission officials in the virtue of local "endogenous" development and, perhaps more importantly, the emphasis of Delors and his collaborators on broadening the scope of the Commission's own autonomy in pursuit of Community-wide economic and social cohesion. The strengthening of sub-national authorities, as we have seen, was to be an indirect but important part of this agenda.

From these bases, the programs were intended to encourage adaptation not only in the economies but in the governing and administrative structures of the targeted regions On the economic front, diversification was central to the Commission's thinking If the immediate threat to the economies of Greece Italy and southern France was the entry into the Common Market of Iberian agricultural products, the suggested response was, at least in part, to shift resources from agricultural production to other, more promising fields such as tourism or light manufacturing

Perhaps even more important than the purely economic objectives of the program however, were its expected institutional effects Indeed, these were seen as critical to the accomplishment of economic restructuring Both Delors and the Commission technicians intended to the programs to strengthen the sub-national level of decision-making vis-a-vis the center. As a result, they hoped, more diverse and creative responses not only to the direct economic threats of Iberian accession, but to the more general economic difficulties of peripheral regions could be developed. The key was to "liberate" the energies of sub-national decision-makers which could only be done, in the words of one Commission official, by "breaking down the monopolies [on economic planning] such as that of the DATAR " The new resources provided by the IMP, it was hoped, would aid in this emancipation.

These resource, as we have noted, were not only financial Much has been written on the financial insufficiency of the IMP budgets, which were much too small in all but a few regions to have any noticeable macro-economic effect. While this is undeniably true, and was recognized from the outset by Commission planners, to stop analysis there misses the larger point of the program, which was the encouragement of a qualitative change in how territorial development was planned and implemented. The "power resources" made available to the regional level, in this view, included not only the financial resources of the actual IMP budgets, but also the political resources resulting from the new privileged relationship that sub-national authorities were to enjoy with the Commission and the technical resources following from the introduction of new planning methods and outlooks. The overall impact of the program, thus, was to be far greater than the purely economic results of the projects it funded directly

For the same reason, the well-know institutional weakness of the regional level in all three of the IMP countries, while clearly a concern, was not in and of itself a debilitating constraint. Quite the contrary, it was an incentive for action. Beginning from the conviction that a sub-national "relay" was a necessity for the various goals of the IMP and from the observation that such an actor did not at the time exist, the IMP set out either to create an interlocutor (in the case of Greece) or to strengthen existing ones so as to make them capable of playing their appointed part.

To summarize, the IMPs were to be a transfer of financial, political and technical resources to the regional level. The outcome of this transfer was intended to be a reduction of the resource dependence of regions on national states This change in resource dependence ratios, in turn, was expected to be manifested in a more diversified and creative set of responses to economic challenges. From the perspective of the Commission, the advantages of such developments would be the lessening of economic disparities within the Community and the resultant increase in economic and social cohesion, seen as *sine qua non* for not only the geographical expansion of the community but also for its functional deepening in the single market program

State Capture -- This scenario of "regional empowerment" is not by any means the only one compatible with the resource-dependence framework In Jeffrey Anderson's 1990 analysis of the actions of the European Regional Development fund in Germany and the UK, which explicitly makes use of Rhodes' framework, the financial resources made available by EC regional programs are "captured" by the national state.

The key to Anderson's argument lies in the unique position which he finds to be that of national governments *vis-a-vis* both the institutions of the European Community and their own sub-national levels of government and administration This position, he characterizes as "gate-keeper." Because national governments are the only actors to maintain formal juridical relations with super-national as well as sub-national authorities, they are in a position to dominate relationships of resource-dependence among all of these parties.

Anderson supports this hypothesis with examples drawn from the experience of the European Regional Development Fund (ERDF) in Germany and the UK through the late 1980s In both countries, he finds that the *de facto* impact of EC regional policy has been to consolidate the position of national governments, while increasing the resource-dependency of sub-national authorities.

In the UK, this development is attributed to the extreme institutional weakness of the sub-national level In the absence of endogenous administrative capacity, planning and management of EC-funded projects from the drafting of proposals to ultimate implementation naturally was taken up by national civil servants In Anderson's words:

> In fact, the ERDF reforms [of 1984 and 1988] exposed resource dependencies previously of little consequence to local authorities, such as lack of administrative capacity to develop joint programs suitable for Community programme assistance. When added to the effect of domestic policy cuts, the substantial net increase in resource dependency bound British sub-national actors ever-closer to state officials. (Anderson, 1990 442, 443)

While the relative institutional position of the national and sub-national levels in the Federal Republic of Germany was the polar opposite of that in Britain, the net effect of the ERDF was, ironically enough, the same. Here, the very institutional strength of the *Länder* turns out to be their Achilles' heel More often than not, the administrative and programmatic requirements imposed by the conditions attached to European funding impinged on regulatory authority previously exercised at the *Land* rather than the federal level Once again, the importance of the role played by national officials and agencies as intermediaries between the European and sub-national levels increased

> Bonn officials must contend with the bitter complaints of *Land* representatives eager to circumvent Commission demands. Nevertheless, the reform appears to have produced a net decrease in resource dependence for national officials (*ibid.* 443)

Extrapolating from Anderson's conclusions, and adapting them to the institutional idiosyncracies of France and Italy, we can fairly easily draw up what might be called a "state capture" scenario for the IMP In such a scenario, the positional advantage of the national state, as the only actor with juridically-assured access to all the others, would allow the national executives of both France and Italy to "capture" the new financial resources of the IMP, while minimizing any gains made by sub-national actors on other fronts.

Limits of the Resource Dependence Model

Between them, the two scenarios sketched in this section represent what might be called the "mainstream debate" over the likely institutional impact of the IMP and, by implication, of

EC regional policy more broadly. Both have the virtue of generating precise and testable predictions The Commission's scenario, which we have labeled "regional empowerment" was intended to lead to innovative economic solutions to the problems of the Mediterranean economy, to inter-regional diversity, as regions were encouraged to experiment with new policies, and to a focus of territorially integrated programs as opposed to more traditional sectoral approaches or -- worse yet -- collections of unrelated projects

The scenario referred to here as "state capture," on the other hand, should bring a very different set of outcomes Rather than diversity and innovation, the regional programs should bear the mark of national planning priorities, enforced by the visible hand of national planning and administrative authorities.

The fact that a given model can generate such diametrically opposed predictions is a sign that more attention needs to be paid to its underlying assumptions and parameters.

The Commission's program for the IMP was based on certain implicit assumptions concerning the goals and preferences of sub-national decision-makers In general, these were identified with the overall economic interest of the regional or infra-regional unit in question As a consequence, it was thought that a transfer of resources which strengthened the relative power of regional-level decision-makers would naturally lead to a flowering of diversity, as individual -- and presumably well-adapted -- remedied were sought for the unique problems of each regional economy

A fundamental insight of the sociology of organizations, meanwhile, one taken up by resource dependence models, is that the actual "rules of the game" governing a given set of interactions among organizations may not be fully described -- and indeed may be incorrectly described -- by the juridical regulations under which these are carried out This insight was the starting point for Anderson's counter-intuitive predictions concerning the "real" effects of Community regional policy and led him to the conclusion that, taken as a whole, the creation and transfer of resources linked to Community Regional Policy would lead to an increase in relative resource dependence for sub-national actors

As we shall see in the following section, the actual practice of the IMP suggests that a significant degree of practical discretion was indeed exercised at the regional level, but that the result was not that anticipated by CEC This suggests that both the "regional empowerment" and the "state capture" versions of the model to some extent mis-specified the either the organizational goals and preferences of the actors involved and/or the "rules of the game" in which all parties were engaged Neither of the specific formulations discussed above, thus, proved altogether satisfactory when confronted with the experience of the IMP. In order to better specify the goals and preferences of actors as well as the "rules of the game" that govern exchanges among them, it is necessary to step outside the framework we have examined thus far; the model itself cannot provide us with this information.

Section III: The IMP As Seen From the Regions

The resource dependence model, despite the principles of the sociology of organizations that underlie it, is first and foremost a pluralist models of rational exchange (Keating, 1982) It extends to the field of inter-organizational relations the method of neo-classical economics, beginning from a given distribution of resources, actors proceed to carry out exchanges with each other until no farther profitable exchange is possible, with "profitable" defined in terms of the actors' own preferences.

Whereas economists have had considerable success with models using extremely parsimonious assumptions for the definition of preferences and exchange rules, however, the specification of these two essential parameters is considerably more problematic in this case.[17] In order to gain insight about their nature, we must turn both to complementary bodies of theory and to direct empirical observation. This final section, accordingly, begins with a description of the conditions under which the regional IMPs were drawn up, allowing a brief glimpse into the realities of regional programming in France and Italy.[18] Based on this information, we then turn concepts drawn from models of public policy in order to fill in the "missing links" of the resource dependence framework.

Regional Policy-Making in France and Italy

At first glance, Anderson's "state capture" scenario seems to be tailor-made for France. The French government had, by the mid-1980s, over 40 years of experience with national economic planning The creation of the *Direction à l'Aménagement du Territoire et à l'Action Régionale* (DATAR) in the 1960s had given an explicitly territorial dimension to the planning effort -- while assuring that it would remain firmly controlled and coordinated from the center.

This structure had both positive and negative reasons to seek to "capture" the IMP On the positive side, a well-developed ideology of national planning priorities militated against the acceptance of either super-national interference in this field, or of a fragmentation of national planing into an set of regional plans. (Chicoye, 1991) On the negative side, the IMP arrived in the midst of a long-term erosion of national budgets for regional economic development. The threat that lack of internal resources would eventually condemn national efforts to irrelevance made it all the more urgent for any new moneys from the Community to be channeled through the existing system, breathing new life into it (Balme and Jouve, 1994)

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[17] This point was evoked above in the context of agency models in which, we noted, the standard "preferences" of economic analysis (money and leisure) had been -- for better or worse -- taken up with relatively little alteration In this case, such an identification is devoid of any *a priori* plausibility whatsoever, there is no substitute for an empirical effort to define actual preferences and rules

[18] The empirical core of this project consists of a number of regional case studies in France and northern Italy The regions chosen were, in France Aquitaine, Languedoc-Rousillon (L-R), and Provence-Alpes-Côte d'Azur (PACA), and in Italy Liguria and Toscana Each of the case studies included interviews with regional political and administrative authorities as well as analysis of planing and budgetary documents

The structure established to implement the IMP in France followed from these principles A special unit -- the *Mission PIM* -- was established under the responsibility of the Prime Minister to coordinate the various regional planning efforts. At the sub-national level, the co-presidency of the regional *Comités de Suivies* by the president of the Regional Council and the *Préfet de Région*, although an important symbolic gain for the former, did not obscure the fact that the latter held the ultimate decision-making power over the spending both of national and Community funds.

Despite this, there is considerable reason to question whether the actual experience of IMP implementation in France conformed to the expectations of the "state capture" hypothesis. Present and former officials of the DATAR, when interviewed for this project, recalled a feeling of having lost control of the IMP process at the outset. Relying on the pre-existing *Contrats de plan Etat-Régions*, the DATAR did not launch a major effort to coordinate the IMP, creating the impression that "the state" was distancing itself from the process.[19] The result of what is now seen as this miscalculation, still according the officials interviewed, was to leave the regional *Préfectures* as the principal representative of the state in the planning process, under the extremely loose supervision of the *Mission PIM*. Regional officials interviewed concurred, portraying the national level as exercising control only passively, through pre-existing planning contracts and by occasionally vetoing specific projects.

The actual regional programs that were put forward by the various regions lend credence to this hypothesis of "state distancing."[20] In the four regions of mainland France eligible for the IMP, the programs put forward were extremely similar A larger place was given to agriculture than in either Greece of Italy, with an emphasis on modernization of production conditions through irrigation and other technical improvements, research and technology programs were concentrated into newly-created technology parks -- the so-called *technopoles* -- and relatively little attention was given to business services or to the craft and small manufacturing sectors

These similarities have often been attributed to the influence of the pre-existing regional planning contracts. What is interesting in this context, however, is the conservatism of the regional plans to the extent that they went beyond the prior plans. In the words of one regional official, the IMP allowed the regions to do more and better (*faire mieux et plus*) but not to do anything new (*mais pas à faire du neuf*)

While at first glance, these features of the regional plans might seem evidence for the "visible hand" of central planning, further reflection suggests the opposite conclusion The counter-productive similarity of regional programs -- as they all sought to "diversify" their economies by moving into the same new activities -- would seem to be precisely what a rational central planner would have sought to avoid. Quite to the contrary, this pattern is what we would

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[19]Introduced over the course of the IX'th Plan, the "planning contracts" between the French state and the various regions consisted of 5-year funding commitments from the two parties focussed around mutually-determined priorities. On this topic in general, see Pontier (1985), and Quinet (1990)

[20]I am grateful to the European Community's *Mission d'Appui aux Programmes Communautaires*, in Montpellier, for having made available to me copies of both the draft and final versions of the regional plans

expect to see as the result of a number of individual decisions made by actors who had knowledge of the general situation but were not aware of each other's decisions. A preliminary assessment of the French IMP's thus, suggests that while they were not "captured" by the state nearly to the extent that a superficial analysis of their juridical structure might suggest, the use made by regional decision-makers of the tools provided them by this new policy did not correspond the Commission's desire for diversity and innovation.

In contrast to the situation in France, Italy might be seen at first glance as a system ripe for "regional empowerment." The legislative powers of Italian regions by the mid- 1980s were far superior to those of their French counterparts [21] Economic planning, in particular, was recognized as an area of regional responsibility, with the first regional plans dating back to the late 1970s At the national level, there was no structure in Italy to compare with the central planning organs of France. Neither ideologically nor organizationally, thus, did the Italian state seem well positioned to "capture" the IMP.

In spite of these seeming strengths, however, Italian regions suffered from a number of handicaps that, at least initially, prevented them from making use of the full potential of the IMP. The over-riding weakness of Italian regions was financial. Lacking all but the most minimal taxing authority, the regions were dependent on transfers from Rome for more than 90% of their budgets. (Sanantonio, 1987) In this context, the prospect of receiving funding directly from the EC seemed like a recipe for emancipation In practice, the outcome was rather more complicated.

A unanimous finding among both official and academic observers of the Italian programs is that, compared to the situation in France of even Greece, these were very slow to begin. In part, this slow start was attributed, especially as it concerned northern and central regions, to difficulties concerning the financial contributions of the Italian central government (OJEC, 1990 , CEC, 1991) More fundamental factors played a role as well, however

The legal structure of the IMP, based as it was on contractual agreements between public authorities, proved difficult to adapt to existing Italian administrative practice. (Buresti and Marciani, 1991) As explained by one regional official such contractual arrangements were not entirely unknown, but had in the past been used only when unusual circumstances required a temporary alteration of usual practice -- preparation for the Soccer World Cup, for example The notion of "planning contracts" as the norm took a considerable amount of getting used to.

The concept of planning by program rather than project, while not unknown in Italy, was problematic for a different reason. Planning doctrine in the regions of northern and central Italy had, since the mid-1970s, been evolving in precisely the opposite direction. (Bruzzo, 1984) In an effort to achieve a measure of control and accountability, regional governments had steadily abandoned wide-ranging global programs, which had proven largely unrealisable in practice, in

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[21] Indeed, it is debatable whether French regions have, strictly speaking, any "legislative" powers at all, since they cannot enact laws For this reason, the regional councils are never, in official French parlance, referred to as "governments " Of these, the one and indivisible republic can have only one For background on the powers of Italian regions, see Leonardi *et al.* (1985), and King (1987)

favor of more focussed discrete projects. The renewed emphasis on global programming, thus, seemed like a return to a discredited approach

The lack of a single interlocutor at the national level was also cited as a handicap for Italian regions[22] When considered in light of complaints from French sub-national officials concerning the "imperialism" attributed to the DATAR, there seems to be considerable irony in this statement For Italian regional officials, however, the multiplicity of interlocutors combined with the regions' continued financial dependence on the state combined to slow down progress In Italy, it is tempting to conclude, the initial role of the national state, and of national "structure" more generally, was not so much to "capture" the program but rather to impede it. Regional "empowerment" to the extent that it took place at all, was slow to manifest itself.

To end our description of Italy here, however, would be to give a false impression both of frustration and of uniformity While there was little immediate impact from the IMP in the regions of northern and central Italy, subsequent developments have shown that the European program was not without effect.

One of the underlying medium-term purposes of the IMPs, we have argued, was to strengthen sub-national levels of government (and most especially regions) in member states by increasing the decision-making autonomy of regional governments in the area of territorial economic planning. While there is little evidence of this having taken place successfully in the *Mezzogiorno*, there is reason to believe that, in the north, participation in European programs has indeed served to strengthen the ability of regional governments to plan and carry out territorial development over the course of the decade that has elapsed since the advent of the IMP.

Our own research in the regions of Liguria and Toscana, supported this finding, but it also emphasized the uneven nature of change. In the first decade, at least, participation in the management of the European structural funds has heightened rather that attenuated pre-existing inter-regional differences. There is probably a bigger difference between Liguria and Toscana in terms of their ability to plan and implement territorial development programs in 1995 than there was in 1985.

The institutional structures established by the regions to implement the IMP are of central importance in this context Two of these structures seem particularly relevant the mechanism for consultation prior to the elaboration of a regional plan, and the budgetary structures established to handle program finances once project are under way We examine each in turn

The concrete form to be taken by the EC's requirement on "integrated programs" as we have had ample occasion to discuss, was left up to the national or regional authorities concerned. In light of the general withdrawal of the Italian central government from an active role in territorial planning since the 1970s, this task has fell in practice almost entirely on the regions. In both of the cases studied, regional authorities sought to assess the needs and preferences of

[22]Spontaneous complaint about the multiplicity and lack of coordination of interlocutors in both Rome and Brussels was a common feature of interviews with regional officials in Liguria and Toscana -- two regions which, as we shall see below, were otherwise quite different in their experience of the IMP

regional and infra-regional actors and then drew up a planning scheme. The similarity between the two exercises, however, ends there

As described in Genova, the consultation carried out by the regional council of Liguria in preparation for the IMP was broad but unsystematic Widespread consultation of political and economic interests resulted in a largely incoherent response made up of unrelated local-level project proposals This was neither preceded nor followed by a strong attempt on the part of regional political authorities to define clear priorities. In this context, the task of putting together a regional proposal fell largely to the technicians The resulting program, however, was described by an official who had participated in its drafting as "largely theoretical," lacking strong links between its general orientation and the specific project proposed.

In Toscana, the process of consultation was described as "self-consciously neo-corporatist " The region's interlocutors were not local interests but the regional representatives of these interests. These were expected -- and were presumably capable -- of speaking for their membership. The preferences revealed by this process, however, were translated by regional political authorities into planning and development priorities.

Once a plan has been devised, it remains to be executed A fundamental barrier to an active stance on territorial development on the part of Italian regions in the past has been their lack of financial capabilities. The prospect of securing financing from the EC might seem a way around this impasse. Two problems remained, however. In the first place, it was (and remains) the general policy of the EC not to fund programs entirely, national "co-financing" is required as a matter of course In the second place, IMP funds were not paid directly to regional authorities but transmitted through the accounts of the national government, arriving to their ultimate destination with a considerable delay Taken together, these features of Italian and Community finance imposed severe limits on the potential gain in autonomy for regions as a result of moneys from the Community structural funds They were cited as such in Liguria.

In Toscana, on the other hand, dissatisfaction with this state of affairs eventually led to the creation of a mechanism to circumvent the financial bottleneck of the national government by using the region's limited taxing powers to build up a regional "investment fund." This fund is now used to overcome the liquidity problem inherent in the transit of European money through national budgets by allowing the region to "anticipate" the actual payment of European credits These, when they are eventually unblocked by the national level, are then used to replenish the fund

Accounting for these observed differences is not easy, several plausible causes can be put forward but it is not possible to state unequivocally which is the more important Two types of explanation seem most plausible

The regional structure of interest representation is clearly different -- fragmented in Liguria and much more structured in Toscana. It is possible, but not proven, that this feature is related to the political homogeneity of the latter region as compared to the heterogeneity of the former. Whatever the underlying cause, it is clear that regional authorities in Florence have a much easier task of drawing up regional priorities than do their colleagues in Genova

A second difference lies in the attitude of the regional authorities themselves The Tuscan regional government seems to have been much more aggressive in moving to exploit the possibilities for increased regional autonomy and influence through its participation in management of structural fund moneys.

Further research and, in all probability, additional cases would be required in order to sort out the relative contribution of these factors to the observed differences. For now, however, it is enough to note that differences do indeed occur. While both regions can probably be shown to have gained in autonomy and influence vis-a-vis the national level as a result off these programs, the gains made by the Tuscan region are clearly greater than those of the Ligurian. Indeed, it would seem that this experience has, up to now, served to magnify the initial differences between them rather than attenuate them. A fuller implementation study of the IMP -- and European Regional Policy more generally -- than that presented here would have to take inter-regional variations such as these into account.[23]

The Resource Dependence Framework Reassessed and Modified

The IMP initiative, we have argued, represented an explicit attempt to alter the "rules of the game" governing inter-organizational relations of resource exchange and, as such, was based on a particular understanding of the pre-existing state of these relations Whether or not the creation of new financial and juridical resources by the IMP actually did produce such a change is one of the principal points of contention between the two hypotheses which we have labeled "regional empowerment" and "state capture"

The 'Rules of the Game" -- The evidence presented in this essay suggests that the initial experience of the IMP did not lead at once to a significant change in the *de facto* "rules of the game" of territorial development policy in either of the countries studied. At the same time, however, it is clear that these underlying "rules" were not perfectly captured by either of the contending models. The experience of establishing regional IMPs served to highlight a number of features of the policy systems.

In the Italian case, the experience revealed the institutional limits of even those regions generally considered "successful." These were due in part to the continued financial dependence of regions on the central state, which was not immediately attenuated by the availability of the EC as an alternative funding source -- since European moneys like all others had to transit via Rome In addition, assimilation of an unaccustomed planning methodology based on the contractual approach proved more difficult than anticipated.

[23]Research in France for the larger project of which this is a part, did indeed show increasing divergence over time among French regions Even more than in Italy, the infra-regional structure of interest and the prior presence or absence of well structured policy communities for territorial planning seem to be the variables driving inter-regional differences The explicit actions of the regional council are of less importance in France than Italy For more detail see Smyrl, "The Regionalization of EC Regional Policy," 1995 -- unpublished, available from the author

It is the French case, however, that underlines most directly the importance of a correct understanding of the "rules" of the inter-organizational game played out among local, regional and national actors as well as between political and administrate actors at each of these levels. The role of the regional *préfectures* in particular proved to be an ambiguous one. Although part of the "national" administration, the *préfet* and his planning staff behaved as regional rather than national-level actors.

In all of the regions in which interviews were carried out for this project, individuals who had participated in either the initial framing of the IMPs or their subsequent management spoke of close cooperation between the two Between these actors and all others, a dual distinction was drawn: at the regional level between them and the "external" participants in the process such as interest groups and local governments; and at the national level between them and the "true" representatives of the center, of whom the most frequently cited were the DATAR and the Ministry of Finance.[24]

In the theoretical context which we have adopted, this empirical observation is of the first importance. It signifies that, in determining the "rules of the game" between national and regional level, we must consider the *préfecture*, with its juridical power, at least partly as a regional actor rather than simply a representative of the center. In so doing, we once again follow in the footsteps of the academic analysts of French territorial government cited at the beginning of Section II, and most importantly of J.P Worms (1966) who was first to draw systematically the attention of scholars to the "complicity" that existed between the "representative of the state" and local elites. Thirty years on, despite great socio-economic changes and significant institutional reform, this relationship persists.

Returning to the experience of the IMP, this means that the planning process we have described -- with the regional council and the *préfecture* as the only "internal" actors, represented a position of considerable influence for the council (or, more precisely, for the Council's president and his staff). If, as often proved possible, Council and *préfecture* came to an agreement about planning priorities, they were in a strong institutional position *vis-a-vis* all other actors.

Indeed, the comparison of the initial experience of French and Italian regions suggests the conclusion that the role of the French regional *préfectures*, far from an element of state control or "capture" of the IMP, was an essential factor in allowing French regional authorities to get off to a much faster start than their Italian colleagues Working together, regional council and *préfecture* had a considerably greater budgetary potential and effective autonomy than did Italian regional councils, despite the latter's seemingly greater legislative authority The fact that Italian regional planners did not have a single national-level interlocutor empowered to make budgetary commitments, far from increasing their effective autonomy, left them dependent on a number of national interlocutors.

Goals and Preferences of Regional Decision-Makers -- If the tentative conclusion of the preceding paragraphs is correct, and the "complicity" between regional council and *préfecture*

[24]In PACA, correspondence preserved in the prefectoral archives testified to the systematic support by the agents of the *préfecture* of a "regionalist" position *vis-a-vis* both Paris nd Brussels

actually gave French regions a greater autonomous decision-making potential than is usually thought -- perhaps providing them a greater degree of effective autonomy than the seemingly "stronger" Italian regions -- the explanation for the puzzling features of the regional plans must be sought at this level. It is necessary, in other words, to deal directly with the seemingly naive question, "what do regions want?" and to follow it up with an inquiry of the constraints standing between them and achievement of these goals

The answer to these questions is of central importance not only to the resource-dependence model currently under discussion but also in the context of the models of implementation discussed in the first section of this essay. Of these, it will be recalled, the one found most applicable to the case at hand was that which cast policy initiatives as bundles of tools which, in turn, created certain "dispositions" to action. How a tool will be used, however, depends quite as much on the nature of the user as on that of the tool; a hammer in the hands of a skilled carpenter is one thing, in those of my three-year-old daughter quite another. Having reached the provisional conclusion that the IMP was seen by its authors as -- among other things -- a set of tools whose use would reduce the resource-dependence of regions on national governments, we must now see whether this view was shared, or even understood, by the regions themselves.

In fact, the drafting and implementation of development projects with EC money although it may appear as a distinct "event" for purposes of study, is not necessarily a single concrete "problem" for the actual decision-makers involved. Indeed, the first task for research is to determine how exactly the "problem" was defined in each regional case, bearing in mind that there is no *a priori* reason why these definitions should be the same everywhere.[25] Various possible goals of regional decision-makers might include:

-- encourage modernization of the regional economy
-- protect existing economic activity
-- maximize total EC funding
-- further a particular plan or theory of regional economic development
-- use this opportunity to make maximum political gain
-- avoid political risk

This list is not exhaustive, nor does it imply that only one choice was made, it is possible that among these choices, some were made in order to reach others. For example, maximize funding in order to spread it out as broadly as possible, thus avoiding political risk. Nevertheless, it seems clear that there are trade-offs involved. A program designed so as to minimize political risk is not likely to encourage major economic change if this brings extensive change and threatens vested interests.

French IMP regions responded to the challenge of the new initiative in an essentially defensive manner; they sought first and foremost to avoid political risk There is no record in any of the regions concerned of a serious attempt to analyze the regional economy and make

[25] Here, we are taking up one of the fundamental insights of the sociology of organizations See, for example, the discussion of the self-perceived goals of hospital units in Crozier and Friedberg (1977) pp 253-272

strategic choices accordingly[26] In pursuit of their risk-minimizing strategy, regional officials made their programming choices according to criteria not of economic rationality but of political legitimacy

This protective legitimacy, in turn, was provided by what we might call a "standard model" of territorial development. If we restrict ourselves for the moment to the agricultural sector, this model seems to have been built up around two components, each of which is understandable but which, when taken together contain inherent contradictions[27] The first of these is the "modernizing" vision of the agricultural sector based on ever-increasing capital intensity This model may have fallen out of favor with some of the Commission's planning staff, but it still enjoyed solid support among decision-makers from Marseille to Bordeaux, as well as among the organized representatives of the agricultural profession itself The solution to the self-perceived crisis of agriculture, according to this point of view, lay in improvements in infrastructure and equipment. To the extent that changes in crops were considered, it was always in the direction of greater capital-intensity -- from dryland to irrigated crops, for example.

The second component of what we can call, following Jobert and Muller (1987), the *référentiel* for regional agricultural planning in France was the imperative necessity to conserve employment in general and agricultural employment in particular. This, it should be noted, was most definitely not part of the original "modernist" program, which saw in the reduction of the agricultural population a guarantee of prosperity for those remaining Times had changed, however, and with alternative sources of employment no longer available, maintaining jobs in agriculture was a *sine qua non* of any policy initiative

The combination of these principles into a single view of rural development can be illustrated from passages drawn from the draft programs of two of the participating regions· In both Provence-Alpes-Côte d'Azur (PACA) and Languedoc-Rousillon (L-R) the economic analysis that underpinning the agricultural "sub-programs" of the IMP was based on defending existing sectors, rather than one of encouraging economic transformation. The threat of low-cost Spanish competition on agricultural markets (largely fruits and vegetables), in particular, was to be met with increased efficiency and an emphasis on quality

> In the absence of specific measures, the recession in this sector which is already underway will in all likelihood accelerate The structures of production and patterns of land tenure in this sector would lend themselves to important transformation only if we accept an important reduction in the number of productive units, and a resulting <u>collapse</u> in the number of jobs directly or indirectly dependent on this sector.

[26] In the surprisingly candid explanation of a former official in charge of the IMP for one of the regions concerned "to target is to choose, and that's not politics" (*cibler, c'est choisir, est ça ce n'est pa la politique*

[27] Our choice of agricultural as an example is not arbitrary, but reflects the choice made by French regional planners themselves As recorded in correspondence preserved in prefectoral archive in Marseille, this emphasis was considered excessive by Commission officials

> <u>This prospect is unacceptable</u>
>
> Our objective is thus to stabilize the production of fruits and vegetables so as to maintain a maximum number of producers [28]

To the extent that change was promoted, it was within the agricultural sector In L-R, for example, a central aspect of the proposal was the ongoing effort to replace low-quality wine production with more diversified and higher value crops -- bringing with it the requirement for irrigation. The guiding principle was to replace declining agricultural activity only with other agricultural activity.

> The possible alternative to lowland viticulture, bringing an equivalent revenue to producers, lies in irrigated production emphasizing fruits and vegetables ...[29]

Seen objectively from afar, the contradictions built into such a policy are obvious. For one region to encourage "diversification" into production which is already suffering from excessive competition in a neighboring regions is economically irrational. Indeed, it is precisely the sort of thing that central planning is intended to avoid. If, on the other hand, the goal of regional planners is understood as protecting and preserving regional social and economic stability in the short and medium term, the choices retained can be seen as "rational."

The goals and preferences underlying regional choices, the reasons behind the search for legitimacy rather than efficiency, become clearer when the actual process by which the plans were drafted is taken into consideration The planning exercise were concentrated in a relatively brief period of time, roughly the second semester of 1985. Although individual administrators may have had limited advance knowledge of the program, little in the way of preparatory work seems to have been done. Throughout the process, the constraint of the calendar was ever-present; there was no time to engage in a new assessment and analysis of regional needs, let alone to devise a systematic and innovative response

In addition to time constraints, French regional planners and decision makers were initially confronted with a dual set of budgetary risks and uncertainties They knew neither the amount of funding that would be available, nor the exact nature of the planning and development exercise

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[28] Draft project for PACA *Sous-programme Fruits et légumes*, p 4 -- my translation, emphasis in original The French text is as follows· "En l'absence de mesures spécifiques, la récession de ce secteur, déjà engagé, va à l'evidence s'accélérer Les structures d'exploitations et les structures parcellaires des zones de production intensive concernés ne pourraient se prêter à des reconversions importantes qu'en acceptant une réduction drastique du nombre d'exploitations et un <u>effondrement</u> du nombre des emplois directs ou liés // <u>Cette perspective est inacceptable</u> // L'objectif retenu est donc de stabiliser la production de fruits et légumes afin de maintenir un maximum d'exploitations fruitières et légumières "

[29] Draft program for Languedoc-Rousillon, par I 1 -- my translation. The French text is as follows "L'alternative possible à la viticulture de plaine, susceptible d'apporter un revenu au moins équivalent, réside dans les productions irrigables, avec prédominance des fruits et légumes

that would be required of them They did know, however, that the exercise was unavoidable and that they would share not only in practical administration but in legal responsibility.

Uncertainty as to funding levels, it will be recalled from our discussion in Section 1, was an intentional feature of the IMP With the exception of the guarantee of 2 billion ECU to Greece, the Commission had refused to pin down ahead of time how the available "envelope" would be divided among France and Italy -- let alone between eligible regions From the point of view European officials, this decision was motivated by a desire to retain flexibility; this would allow them to judge programs and projects according to their merits, rather than presenting the regions with a blank check. As seen by those responsible for regional planning, however, this was an added complication. While the size of the global "envelope" was unclear, regional actors did know that they would be expected to provide partial financing from their own budgets for all projects retained in the IMP This was not in any sense "free money."

In spite of these problems, a more coherent program might have emerged if clear instructions had been forthcoming from the EC As we have seen, however, the key terms of the IMP regulation -- including and especially the central concept of "integrated development" were the subject of conflicting interpretations in Brussels As seen from Montpellier or Genova, thus, the text of the regulation brought little enlightenment -- and direct contact with Commission officials seems to have brought (as might be expected) contradictory advice.

Faced with the political risk inherent in making choices that would necessarily work to the advantage of some interests to the detriment of others (or, at the very least would be perceived this way) and in the absence of clear guidelines, the easiest was not to choose The effective outcome of this non-choice were reflected in a number of the most-criticized features of the final plans. We have already noted the emphasis on agriculture, which was considered excessive by Commission officials, and was certainly out of proportion with the actual economic importance of the agricultural sector in any of the regions concerned, either in terms of value or of employment The tendency to spread funding out over a large number of small projects was a result of the same conditions.

Moving beyond agriculture, we find the same aversion to political risk manifest in the initial decision of the regions to seek the greatest possible amount of total funding Although this goal may seem self-evident, decisions made in pursuit of it were not without opportunity-cost. The practice of systematically submitting more projects than could be accommodated by any conceivable budgetary envelope may have ensured the largest possible total budget, but it surrendered to the national and European levels a measure of control over the choice of projects much greater than they would otherwise have had. A tendency to privilege infrastructure projects such as roads, irrigation, or energy transport systems tied the regional IMP much more closely to national projects than was strictly necessary. In all of these cases, control was traded away In return, the region received (or at least hoped to receive) more money. Unstated but perhaps as important, the onus of distributive decision-making was in part passed on to others. In case of political recriminations, it would always be possible to blame the Commission.

Conclusions

In this essay, we have sought to follow an empirical thread, the elaboration and initial implementation of a single program, through what has proven to be rather a tangled thicket of theory Having come to the end of this particular conceptual journey -- although, as we have seen, not the end of the implementation process -- it may be useful to stop for a moment and recapitulate our principal stages before going on to consider if a measure of synthesis might be possible.

We began by considering the IMP as a problem of implementation, asking whether and to what extent the proposals contained in Community Directive 2088/85 had been put into practice Framing the question in this way, it soon became apparent, put us squarely in the province of principal-agent models of implementation. This, in turn made it necessary to determine with some precision the identity of the supposed "principal" and "agents" -- a task not facilitated by the convoluted nature of EC policy-making.

Having ultimately determined that the most plausible candidate for "principal," in light of the contents of the regulation, was the Commission presidency, we turned to the next aspect of the principal-agent model, namely determining what was asked of the agents and how these were to be controlled. At this point, the somewhat troubling observation was made that, more than achieving a particular task, the ultimate goal of the IMP directive was to bring about a shift in power relations among the Commission and its various national and sub-national interlocutors.

Assessing whether or not this desired change had, in fact, taken place required us to invoke a very different body of theory, based on models of inter-organizational relations. Analysis of this model revealed that in order for it to be useful in any particular case, it was necessary to determine key parameters externally Of these, the most important were the rules governing inter-organizational resource exchange and the goals and preferences of the various organizational actors involved in these exchanges. Having come this far, it should be possible to reverse our path, using each successive step in our investigation to inform the previous one.

By placing our observations once more in the framework of the resource dependence framework, we can appreciate both the continuing usefulness of the basic model itself and the reasons why it seems to have been misapplied. Looking first at the rules governing inter-organizational resource exchange, we noted that, both at the level of juridical rules and unwritten procedures, the IMP was not introduced into an institutional vacuum. At the juridical level, the form of the IMP, with its emphasis on multi-year planning "contracts" was very similar to (indeed, largely inspired by) the French system and very different from Italian legal and administrative practice. Both of these situations were potentially problematic in France the danger existed that the European program would simply be "annexed" by the pre-existing national system; in Italy the change in procedures required brought incomprehension and delay.

To a certain degree, as we have seen, these threats did indeed materialize. Initially, the problem seems to have been more severe in Italy, where the "foreignness" of the IMP system prevented even those regions that had well-established territorial planning systems of their own from adapting quickly to the new European programs. Italian regions, in other words, were not initially "empowered" by the new program Only subsequently, as the new procedures were assimilated, did the potential of the IMP begin to be realized. At that point, as illustrated in our brief look at Toscana and Liguria, underlying differences in regional conditions re-emerged as a significant factor

In France, meanwhile, the IMP was largely absorbed into the existing system, a tendency encouraged by the central government's decision to limit its own financial participation to funding already committed in the context of the regional planning contracts As we noted, however, a closer look at the French system reveals that the unwritten "rules of the game" and, in particular, the long-standing relations of cooperation between regional political leaders and prefectoral staff, gave the former considerably more influence in the overall planning process -- and thus in the IMP, than might have been expected The apparent "capture" of the IMP by the French planning machinery thus concealed a much more nuanced situation.

This greater-than-expected influence of regional decision-makers, we have argued, makes it all-the-more important to develop a clear understanding of the "organizational goals" of the regional authorities themselves. These, as it turns out, seem to have ben seriously mis-understood by the Commission's planners and theorists in Brussels. In particular, these seem to have under-estimated the extent to which a "legitimate model" of territorial development based on technological modernization and protection of existing employment would condition the choices of risk-averse political leaders. Far from a flowering of innovative diversity, thus, the regionalization of decision-making encouraged by the IMP brought a response more counter-productively uniform than would have been the case had central planners actually "captured" the program.

This last point leaves us in an ambiguous position with respect to the question with which this essay began and the ramifications of which were the topic of our first section. Was the IMP successfully implemented or not? In one sense, the evidence seems to indicate a cautiously positive answer in both France and Italy. Our analysis suggests that French regional decision-makers had, and at least some of their Italian colleagues were able to develop, a level of decision-making autonomy and (especially in France) of influence on other decision makers greater than might be thought at first glance There is certainly no evidence in either country that the IMP actually <u>decreased</u> regional autonomy, as suggested by the "state capture" hypothesis.

The outcome of regional action, however, were not what the planners of the Commission had hoped. When left to choose, it turned out, regional officials did not behave in the way that had been expected of them They were generally more conservative and, in particular, more closely tied to pre-existing "legitimate models" than had been anticipated

What does seem clear, in the light of the discussion presented in this paper, a number of the criticisms most commonly made of the IMP seem misplaced, the result of an imperfect understanding of both the policy's goals and of the constraints placed upon it It is of little use, in particular, to fault the IMP for the insufficiency of its global budget or for its inability to somehow transform or transcend the legal forms of territorial government and administration of the recipient states. There is no reason to believe that any of the program's authors expected that this would occur, or that any conceivable actin of the European Communities could bring it about.

To the extent that "implementation lessons" can be drawn from the IMP, they are of rather a different sort. Most importantly, this case suggests in the strongest terms that if the purpose of a policy initiative is to strengthen the decision-making potential of regions -- or any other actor, for that matter -- it may be well to investigate ahead of time what manner of decisions these are likely to take. Lack of clear communication between the Commission and regional authorities prior to the start of implementation left each side confused, and ultimately suspicious, concerning the other's motives.

Over time, this problem has been attenuated considerably as regional and Commission officials have come to know each other at both a personal and an organizational level. As the European Union, and presumably its regional policies, expand with the adhesion of new member-states, however, it would be well to keep these lessons in mind Regional initiatives, be they for the Scandinavian arctic today or the shipyards and steel mills of Poland tomorrow are more likely to be successful if the preferences, the constraints and the legitimating models of the "pertinent geographical level" are taken into consideration from the outset.

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