WALES IN EUROPE: WELSH REGIONAL ACTORS AND EUROPEAN INTEGRATION

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Introduction: Wales in Europe

The phrase "Wales in Europe", increasingly heard in recent years, has provoked a number of different reactions in Wales: fears, hopes and, perhaps, indifference. One recent Secretary of State for Wales is even alleged to have forbidden the use of the phrase in the Welsh Office. Such interdictions were probably in vain since Wales is already "in Europe" simply by being a nation within the United Kingdom which, in turn, happens to be a Member-State of the European Union. However, "Wales in Europe" also conveys the meaning that Wales might be present in Europe in a way that is different from being simply a "region" of the United Kingdom. Could Wales, as a "stateless nation", have a higher profile on the European scene like Catalonia, another "region" which defines itself as a nation? The key question here is how Welsh interests - in terms of the social, political and economic development of Wales - might be best represented in Europe. Are they best represented by Ministers from Westminster or by a Department like the Welsh Office, whose head is a member of the British Cabinet, and by Civil Servants from Whitehall who represent the UK's interests as a whole? Or would the interests of Wales be better represented directly in Europe without always having to pass through the Westminster/Whitehall nexus? In other words, should Wales be allowed to become more actively an actor on the European scene in its own right?

Wales, like many other European regions, is already active on the European scene[1]. Through the Welsh Office it is associated with the group known as the "Four Motors of Europe" (see below) which attempts to promote the economic position of the participant regions through the exchange of information in areas such as Research & Development (R&D) and by the encouragement of investment by companies from the different regions. Through the old Association of Welsh Counties (now replaced by the Welsh Local Government Association), Wales is also a member of transnational regional groupings such as the Assembly of European Regions and the Atlantic Arc, a section of the Conference of Peripheral Maritime Regions. However, for the most part, Welsh interests in Europe have been represented by UK central government in the Council of Ministers and COREPER. Occasionally, the Welsh Secretary of State, a member of the British Cabinet, will attend Council of Ministers meetings when Welsh issues affecting Wales are being discussed. This does not happen very often.

Two developments in recent years make it imperative for actors within Wales to examine whether Wales should develop an even more pro-active role on the European scene. First, there is the dramatic acceleration of European integration itself, especially since the mid-1980s, thanks to relaunch of the Community by Jacques Delors, the passing of the Single European Act in 1987, and the coming into effect of the

1 A more detailed analysis of Wales's current activities in Europe is given in: House of Commons Welsh Affairs Committee (1994/95). Wales in Europe, Fourth Report, HC Papers 393-I (Report) and 393-II (Evidence).

Maastricht Treaty in 1993. As a result of these developments, the nature of the political game itself has changed. National governments and the European Union institutions are still the most important players in the political game played at the European level, but they have now been joined by individual regions and associations of regions. The second development, related to the first, is that new "windows of opportunity" have opened up for sub-national authorities thanks to reforms in EU Regional Policy in the late 1980s and early 1990s (Kohler-Koch, 1996). These reforms now stress more programmatic approaches to regional planning as well as the principles of subsidiarity and partnership. Although the amounts compared to the GNP of nation-states are quite small, Structural Funds do represent considerable amounts of money for individual regions and local authorities. Apart from the problem of obtaining funds in the form of grants for economic development programmes, there is also the question of the way in which regions sell themselves to outside investors: there has been a very important growth of *territorial competitiveness* within Europe involving not only regions such as Baden-Württemberg and Catalonia but also metropolitan regions such as the South-East of England (centred on London), Barcelona and the Dutch Randstad. It is recognised today that regions must put themselves forward as attractive locations to investors if they are to achieve or maintain sufficient levels of economic development to attract or retain dynamic populations.

The challenges as well as the opportunities deriving from this multi-faceted process of European integration have influenced everyday public life in Wales in many ways: political, economic, social and even cultural. These changes are of direct concern to many public, semi-public and private institutions, organisations and companies in Wales.

This paper presents the first results of a research project, part of a larger cross-national project in nine regions of Europe[2], which sought to analyse these processes empirically, assessing the ways by which Welsh actors on the political and the socio-economic scene have reacted to shifts in their field of activity, and to what extent they have started to mobilise and work together in order to play a more proactive part in accommodating themselves - and thus Wales as a whole - in post-Maastricht Europe.

A key part of the project was to investigate the direct relations between Welsh organisations and EU institutions. As mentioned above, large parts of Wales are eligible to receive EU funding from the European Regional Development Fund (ERDF), the European Social Fund (ESF) and various other support programmes, in the field R&D, and in agriculture. For the purpose of this project, we regard Wales as a region, although, as mentioned above, we are fully aware that many people in Wales regard it as a nation.

2 Our investigation is part of a larger project, Regions as Political Actors in Europe, conducted by Prof. Beate Kohler-Koch, Centre for European Social Research, University of Mannheim, Germany. This project comprises nine regions in Europe, namely the members of the "Four Motors Initiative": Catalonia, Baden-Württemberg, Rhône-Alpes, and Lombardy, as well as Wales, Andalucia, Lower Saxony, Languedoc-Roussilion and Sicily.

This report consists of four main parts:

1. The situation of the Welsh economy and existing EU funding in Wales;

2. General perceptions of the nature of governance in Europe and of the nature of politics in Wales;

3. Responding to the European challenge in Wales: organisational restructuring and networking activities of Welsh institutions and organisations;

4. Practical experiences and problems in Regional Development Policy, and R&D Policy.

1. *The Economic Situation in Wales and Existing EU Funding in Wales*

In recent years, the economic and political landscapes of Wales have undergone dramatic changes. The traditional industries, especially coal-mining and textile manufacturing, have gone through severe decline, while there has been some recovery of small- and medium-sized enterprises (SMEs) in manufacturing and service industries. This recovery may be attributed to a number of different factors especially the successful strategies to encourage inward investment which have been developed by the Welsh Development Agency (WDA). However, another important factor has been the obtaining of regional funds from the European Community/Union[3] and especially the European Regional Development Fund (ERDF) and European Social Fund (ESF) as well as a number of accompanying measures such as the selection of Wales as a Regional Technology Plan (RTP) region. As a result of these developments, there has been, in Wales, as elsewhere in Europe, a growing awareness that European integration offers opportunities to regions, however constrained these may be by the approach taken by the UK government.

Nevertheless, although there has been a modest recovery in some parts of Wales, neither the WDA nor the EU have been capable of completely changing the picture of economic decline and crisis that characterise the country. Wales is still marked by severe economic and social difficulties.

1.1 Economic and social problems

The most important sectors of the Welsh economy are manufacturing, construction, agriculture (including forestry and fishery), energy, and service industries. All these industries were severely affected by the crisis of the mid-1980s, when almost all of the coal and steel industries of Wales were wiped out virtually overnight. The change was so enormous that some commentators (e.g. Lovering, 1996) now refer to these areas as "the ex-industrial valleys". Recent inward investment, mainly in the manufacturing and service sectors, has tended to be small-scale and /or consisted of subsidiary branch plants of multinational companies whose headquarters are elsewhere. Valuable as such investments are locally, they could not compensate for the unemployment which resulted from the collapse of the traditional industries. In the energy sector, for instance, there were still 49 deep mines operating in 1993 (WO, 1994). At the moment, Wales is down to just one (Tower Colliery, Hirwaun). The construction industry has again stagnated after the completion of the big infrastructure development projects in South Wales in the early 1990s (Blackaby, 1994). And of course the service industries, among which banking, insurance, retail and tourism are the most important, have been developed at a much slower pace than was hoped for by the WO and the WDA,

3 The Treaty of Maastricht changed the name of the European Community (EC) to European Union (EU) to come into effect in 1993, thus causing significant problems for writers and editors of texts on Europe. In this report, we shall use EU, the current term, unless we are referring to European matters which clearly occurred before this change.

due to lack of demand by individual consumers and businesses - not least because of a sharp decline in disposable incomes and profits, and the uncertainties of Thatcherite "boom-and-bust" economics[4].

The Welsh population consists of 2.9 million inhabitants (1993), about two thirds of whom live in the industrial belt along the southern coast and the Valleys. Overall population figures and population density have remained almost constant over the last 15 years; because the significant out-migration was counterbalanced by higher birth rates and increased life expectancy. Only two of the (old-style) counties, Mid Glamorgan and West Glamorgan - which suffered most from the economic crises in the mid-1980s - have seen a net decline of population figures (WO, 1994). In 1993, the civilian workforce in employment consisted of 1.12 m people (of which 958,000 were employed, the others self-employed). Full-time jobs were roughly equally divided between men and women; however, part-time work was almost exclusively the domain of women (almost 230,000). The service industries (including retail) are mainly responsible for this development, providing almost two thirds of all jobs in Wales, excluding HM Forces (WO, 1994). Unemployment has been a feature of Welsh life since the 1970s and, until very recently, was about 1.5 to 2 % above the UK average. The positive trend in the first years of this decade (under 7 % in 1990) which followed the crisis in the mid-1980s (almost 12.5% in 1987) has now reversed again. The current rate seems to have stabilised itself at around 9.5% - now just above the UK average of 9.1% (WO, 1994). Long-term unemployment has become a significant problem. However, the fact that the number of unemployment benefit claimants is now back to the 1991 level (around 120,000) is mainly due to changes in entitlement rules - which have been tightened again recently with the introduction of the new "job seeker's allowance".

Education statistics in Wales indicate that the situation among school leavers is certainly worse than UK average. The majority of Welsh pupils leave school as soon as possible. Only around 21% sit A-level examinations (UK average 25%). The lower the qualification level, the more dramatic the situation becomes: over a quarter of all pupils leave school with only one lower grade GCSE / CSE O-level, and of those pupils leaving school in 1992, 12.4% did so with no formal qualification at all (UK average 6.6%; Blackaby 1994). However, around two thirds of all school leavers head for higher education or further education / vocational training. Only 12 % go straight into full-time employment, while - quite alarmingly - 20% go straight to unemployment, depending on benefits from the Department of Social Security (Blackaby, 1994).

4 The average income of adult employees in Wales shows a significant split between men (308 £/ week) and women (231 £/week). With the exception of Powys (80% of Welsh average), there are no areas in Wales in which local average earnings differ considerably from the overall Welsh average. This goes for both manual and non-manual labour, as well as for both genders. The Welsh average in the level of earnings floats at around 90 - 95 % of the UK average. A special disadvantage exists for female manual workers, who can expect to earn not more than 85% of the salaries of their colleagues in the other parts of the UK (Blackaby 1994; all figures refer to 1993). Also it has to be taken into account that in the last 5 years pay increases usually just covered inflation - if at all.

1.2 EU Economic development programmes in Wales

The EU has been one source where funding to tackle some of these severe economic problems may be found. In terms of eligibility to receive ERDF and ESF funds, Wales, unlike the Republic of Ireland or Northern Ireland, which are both, in their entirety, Objective 1 Priority Regions, is not treated as one territorial unit. However, it does contain some eligible areas. For purposes of ERDF funding, no part of Wales has been classified as an Objective 1 Priority Region. These are regions designated by the Commission as lagging seriously behind the most advanced regions and which receive the bulk (80%) of funding from the Structural Funds. However, large parts of the three Glamorgans and Gwent do qualify as Objective 2 Priority Regions, that is, former industrialised regions in decline. Also of importance is that over two thirds of the Welsh territory, namely all of Powys and most of Dyfed, Gwynedd and Clwyd, are eligible under the terms of Objective 5b Priority Regions, which refer to rural regions.

Since the 1988 Regional Policy reforms, Wales has obtained an average share of 12.5% of all UK ERDF funds, and 8.6 % of all UK ESF funds. This does not seem much at first glance, but taking the restrictions in eligibility into account, it must be regarded as a success to maintain this level. After all, compared to other UK regions, Wales is no longer in the group that is most in need - as it had been in the late 1980s. Although the level of inward investment in general has risen from around £30m in 1985 to around £230m in 1992 (Cooke, 1992), the primary source is now private capital, an increasing proportion of which is provided by overseas investors. In general, the days of the large infrastructure development programmes are over, as are the days when Wales received an above-average share compared to other UK regions.

Another source of funding from Europe are what are known as Community Initiatives. These are programmes devised by the Commission somewhat independently of the Member States. Four Community Initiatives have been important for Wales:

- RECHAR (I/II), which aimed to lessen the impact of the collapse of the mining industry. However, this has now *de facto* come to an end.
- RETEX, which is aimed at areas depending on textile industry, was not really a success in Wales: the industry, especially in the North, has stabilised itself, but on a very low level of output and employment.
- LEADER, aimed at rural development, has had a significant impact in the rural areas, especially in terms of local infrastructure development, and in terms of aiding the introduction of new farming methods.
- INTERREG, aimed at facilitating cross-border co-operation, has by now become the most important initiative, extensively used by local councils in West Wales dealing with Irish partners.

In the use of funds, emphasis has shifted from pure infrastructure development (mainly roads) to the creation of community projects which provide a network of support for sustainable development and enhanced quality of life, including housing, education, access to information, and communications (STAR/Telematique programmes.)

In order to facilitate the flow of information about these matters, and to raise overseas awareness of developments within Wales, a Wales European Centre was established in Brussels in 1992. The centre serves as a foothold of the WDA, the TECs and local authorities in Brussels, although no money can be obtained by it directly. On the other hand, the Welsh Office has to go via London and /or the UK Embassy to the EU when approaching EU institutions officially.

Compared to other UK regions (mainly London, East Anglia and the South East), in the past Wales has not been particularly successful in participating in programmes paid for by EU Framework Funds, obtaining only 1% (ESPRIT, BRIDGE) to 4% (BRITE/EURAM) of the overall UK share (Price *et.al.*, 1994). This is mainly due to the fact that, although companies have invested in production and manufacturing in Wales, their research and development facilities are usually based elsewhere. However, this situation is about to improve to some degree, mainly through aid given to SMEs to do their own research and to team up with other SMEs and local academic institutions in order to create local R&D units, Technology Centres, etc. Of importance in this context is the EU Programme for improved regional R&D capabilities (STRIDE). The WDA even started to publish a STRIDE Newsletter in order to diffuse relevant information. But again, here the future needs of Wales are likely to be assessed as less pressing than they have been, and if the EU does not decide to stock up these funds considerably in the near future, Wales's share is going to be reduced - despite several efforts to prevent this: for instance, the Welsh RELAY Centre was established in 1993 with the specific purpose of helping the Welsh industry to make the most of these programmes. In addition, the EU and the WDA have jointly founded the UK's first Electronic Data Interchange (EDI) Awareness Centre in Wales.

The EU's efforts are supplemented by a number of national measures aimed at improving the innovative capacity of SMEs. The more important programmes are SMART (since 1988), LINK (since 1989), and SPUR (since 1991). These are run by the Department of Trade and Industry, and implemented in Wales by the Welsh Office in close co-operation with the WDA. Special emphasis was laid upon the development of an "infrastructure" of SMEs which could act as suppliers for potential larger (mainly overseas) investors, thus making Wales more attractive as a location for their UK base. Indeed this decision has played a crucial role in the restructuring processes of the Welsh economy in the early 1990s. Especially the SMART programme has had significant impact, as until 1993 Welsh companies have received on average 9% of the total programme funds (Price *et al.*, 1994). However, current trends indicate clearly that national programmes are not intended to substitute for losses in support by the EU; that it has become increasingly difficult to make sure that such national measures do not violate EU law and regulations; and that the sums

Wales can expect in the future will be lower than previously, as need becomes less urgent (since 1993 there has already been an annual decrease of around 10%).

Recently Wales became associated with the "Four Motors of Europe" group: Baden-Württemberg, Lombardy, Rhône-Alpes and Catalonia. In March 1990, the WDA established its EUROLINK programme. Bilateral partnership agreements between Wales and the regional governments of Baden-Württemberg, Lombardy and Catalonia were signed soon thereafter. These agreements cover a wide range of subjects, including industry and trade, science, R&D, the environment, education, and cultural matters. An agreement with Rhône-Alpes has also been arranged, with a more restricted scope, and run mainly by the companies concerned. In 1993, all five regions jointly signed an agreement with Ontario, Canada. Those arrangements are supplemented by a number of local initiatives, such as the twinning of cities (e.g. Stuttgart-Cardiff, Mannheim-Swansea). The partnership has indeed facilitated some valuable business contacts. However, this particular partnership is less topical today and it would be interesting to know if it has led to significant changes in the political and economic profiles of the five regions involved. This is important as Welsh Office approaches to Europe are largely confined to involvement with the Four Motors group.

1.3 The Research Project

The overall purpose of the research project was to examine the role of regions, including Wales, as political actors in Europe (see above). Basically, it sought to answer the question whether regions were to be considered important actors in a policy sense and how they related to other levels of government including the European, national and local levels. It also sought to ascertain whether Europe was important for regions, and what would be the likely effects of the emergence of a "Europe of the Regions" on the individual regions. This also meant asking a series of questions about the nature of politics in the individual regions: whether there was some kind of convergence towards a more market-based approach to politics or whether the regions retained a more co-operative and consensus based approach to politics. Indeed, it is possible that a combination of these two approaches might be present. Finally, we wished to identify possible policy networks around European issues and to form an idea of how important these are in policy terms and their relative density.

In order to give a focus to the questions, the research project examined in particular two policy areas: Regional Development Policy (RD) and Research and Development Policy (R&D). A structured questionnaire was sent to over 350 policy actors in all parts of Wales drawn from both the private and public sectors. The response rate was 34% which is adequate for a postal questionnaire. The answers to the questionnaire have been supplemented by consultation with a wide secondary literature.

However, Wales was unique among the case-studies in not having regional political institutions which are democratically legitimated by an elected Assembly. However, there are a distinct set of Welsh political and administrative institutions. For the purposes of the questionnaire and for comparison with the other case-studies we understand, therefore, "regional government" in Wales to consist of the Welsh Office and Welsh Development Agency together, albeit one that is not democratically accountable to the people of Wales. However, it must be taken into consideration that the Welsh Office's political freedom of manoeuvre is in terms of "independent" Welsh policy - making is quite limited by London, and subject to close scrutiny by the Cabinet, both Houses of Parliament, and the National Audit Office.

In addition, it must be stated that a number of responsibilities which in other European countries rest traditionally with regional governments (e.g. education in Germany) are here given to local authorities - again acting under close supervision by, and in almost complete financial dependence on, the UK government. The system of local Government in Wales has recently undergone a period of transition. The main feature of the transition is that the old two-tier structure of local government was replaced by a new single-tier structure (effective from 01/04/1996). The questionnaire was distributed under the old system of counties and references will continue to made in the report to these rather than to the new bodies which replace them.

Respondents drawn from the WO, the WDA and the old local authorities are described as "public actors" in the report.

Alongside these are a number of bodies which may be described as "semi-public": these are the well "quangos" which are an important feature of Welsh public life and have grown in number and significance over the past several years. For the first time in 1994, these bodies altogether spent more money in Wales than the public bodies - although part of it derived from government grants.

Respondents from these organisations are referred to as "semi-public" actors.

There are also a considerable number of private actors are operating in Wales whose activities and decisions have very often considerable consequences for Welsh society and impact on its economy and even on its politics. Three main categories of private actor organisations[5] can be distinguished: General Business Organisations (open to businesses of all sectors), Industrial Organisations (related to one sector of the economy), and Trade Unions/Associations of Professionals.

Besides these economic organisations there are four major political parties (Labour, Conservative, Liberals and Plaid Cymru), and a large number of social pressure groups and organisations belonging to the voluntary sector.

5 Excluding political parties and private civil movements (e.g. Greenpeace).

WALES IN EUROPE - RESULTS OF THE QUESTIONNAIRE SURVEY[6]

2. *Governance in Europe and the Nature of Politics in Wales*

Politics and policy in Europe are today conducted increasingly as a system of *multi-level governance*: the local, regional (in this case, Wales), national (the UK), and the European levels are all involved in policy-making. However, it is not clear which levels are the most important and we first asked our respondents[7] to evaluate the relative importance of these different levels. What emerges is the continuing and overwhelming importance of the national level, indicated by 92.4% of the respondents, but majorities also stressed the importance of the regional (80.1%) and the European (71.8%) levels. Almost half (48.2%) thought the local level was important. 45.4% thought that the national was *very important* and 30% thought this of the regional level.

These results confirm the thesis of the multi-level governance (MLG) school represented by G. Marks and others[8] which argues that Europe is evolving into a system of governance characterised by a much greater complexity than either intergovernmental national politics on the one hand, or supranational European politics, on the other. On the contrary, there is now a greater number of actors in a very complex game with new rules. Our respondents point to the importance of the three key levels of decision-making identified by Multilevel Governance (MLG) - authors: the national, the regional and the European. The local level is seen as not important by a majority. The replies of our panel seem to suggest that the position of "Wales in the UK" is more important than "Wales in Europe" but that the European level is also quite important.

Next we wished to shed light on our respondents' views on the nature of politics in Wales. This took the form of a series of dichotomous statements with which respondents were asked to agree or disagree. 76.6% thought the political character of Wales is more traditional than innovative; 62.7% thought it to be more oriented towards consensus than controversy; 52.8% believed it to be more interventionist than market-oriented (this is a question related to the division between those espousing neo-liberal values and those in favour of greater state intervention); 56% thought it more ideological or partisan (that is, centred on political parties who define their objectives by ideologies) than based on personal relations. With regard to

6 The results analysed in this paper represent the opinions of a substantial minority (34%) of those surveyed. While this does not represent a representative cross-section of political, administrative and business elites in Wales, it does represent a significant group of key decision-makers involved, or interested, in European issues. Responses were received from all branches of the political and administrative systems as well as private businesses from every part of Wales. There was a concentration of replies from South Wales but this is consonant with the geographical location of most of the population of Wales as well as the location of the centres of political decision-making and economic activity. We also need to remember that most of the respondents are or have been involved in European activities or have in some way an interest in Europe. This may create a bias in the answers. We would also be interested in the opinions toward Europe of a wider group of actors who are not so directly involved. Nevertheless, the results do provide us with useful data from important groups of actors.

7 For details of our sample and the response rates to our questionnaire survey please refer to Appendix 2 below.

8 e.g. Marks, 1993; Hooghe, 1995; Keating and Loughlin, 1997.

the question of traditional versus innovative characteristics, there were no significant differences among actor categories (public, semi-public or private). However, on the question of whether Welsh politics is based on consensus or controversy, there was a difference between respondents from the private sector, companies (66.7%) and business interest organizations (55.6%), who think it is controversial, and Chambers of Commerce (all three Chambers in our panel) and public administrations, 85.7% of which think it is more oriented toward consensus. Among legislative bodies, the opinions are evenly split (50% for either statement). With regard to the question as to whether politics in Wales is more "interventionist", despite 17 years of neo-liberal Tory rule in Britain, a majority of public sector actors think that it is (60.7%), as do a majority of semi-public actors (56.%), while private sector actors think it is not (31.6%). 85.7% of the business interest organisations think Welsh politics to be more ideological/partisan than focusing on personal relations, a view in which 80% of the private companies, and 66.7% of the legislative bodies concur. On the other hand, 65.5% of the public administrations, and 56.0% of the semi-public actors disagree with this, arguing that the emphasis is rather on personal relations. The Thatcherite agenda of creating a Britain based on neo-liberal principles and based on "market" approaches does not seem to have made a major impact, at least not in Wales. Clearly, the private sector respondents feel that Welsh politics is controversial and partisan but at the same time do not feel it is overly interventionist. Public sector actors tend to hold the opposite. On the other hand, a majority of all groups think Welsh politics is rather conservative, and think that there should be more innovation. These findings might be interpreted as simply confirming what the different actors *wish* to be the case.

A series of questions sought to provide a more focused picture of the actual operation of the decision-making process in Wales. In particular, we tried to ascertain how our respondents perceived key public sector institutions such as the Welsh Office (WO) and the Welsh Development Agency (WDA). We asked whether these two bodies usually set the right priorities for economic development in Wales (Question 37). 57.3% thought that the WO did *not* do so, while 62.7% thought that the WDA did. What is interesting with regard to the negative verdict on the WO is that business interest organisations and chambers of commerce both gave a positive opinion (75.0% and 66.7% respectively said "yes", while 52.4% of the individual companies joined the overall negative trend (57.3% said "no", among them 71.4% of the legislative bodies, 58.6% of the public administrations and all trade unions). The positive opinion about the WDA is shared by all actor categories (all chambers, 87.5 % of the business interest organisations, 71.4% of the private companies, 68.2% of the semi-public actors and 60% of the trade unions said "yes") except legislative bodies and public administrations, which were evenly split (50%).

We then attempted to draw a picture on the general relationship between the public and private sectors (Q.38). A rather negative opinion of the Welsh Office emerges: 64.1% of our respondents think that this body never, almost never, or rarely is the primary organisation which develops economic initiatives.

Furthermore, 50.8% think that politicians and civil servants are not open to suggestions from the business community and the wider community. Finally, 54.8% feel that, in public policy-making, the interests of important economic and social groups will be disregarded. We sense here a good deal of dissatisfaction with regard to public-private relationships in Wales and a feeling that key groups are excluded from the decision-making process. This is confirmed when we break down the replies by actor category: all of Chambers of Commerce; 60% of trade unions and 59.1% of semi-public organisations feel excluded.

We asked respondents about certain trends in European economic policy-making and whether Wales should follow these trends. It was suggested that European policy-making was "very much market-oriented", and the question was asked (Q.4) as to whether it would be useful for Wales to follow this trend. 77% of the total sample thought it was useful, although among the semi-public organisations this fell to 64%. A clear majority of all groups, therefore, accept this trend. However, we pointed out that, although the "market orientation" is strong in Europe, there has also been in increase in EU regulation of competition. Does this, in the opinion of the respondents, produce "harmful effects" in Wales (Q.5)? 58.7% of the total sample thought it does not, although, not surprisingly, 68.2% of private companies and 55.6% of business organisation think it does.

To sum up, the picture of Welsh politics and policy-making that emerges is of a society and economic system that are still quite conservative rather than innovative. Politics tends toward the partisan and ideological, but is relatively consensus-based. There seems to be a contradiction here but we should remember that this is probably a consequence of the hegemony of the Labour Party in Wales. In other words, party differences are sharp but there are not enough Conservative Party supporters to make much difference. Public sector actors are more aware of this consensus while private sector actors are more aware of the controversial aspects of Welsh politics. With regard to the role of the public sector in Welsh affairs, the Welsh Office comes out rather negatively and is not perceived as being innovative, or particularly open to private sector groups or trade unions. The Welsh Development Agency has a better profile. Rather surprisingly, given the importance of the Labour Party in Wales, there is a good deal of consensus on the desirability of a "market based" approach to economic development. Also rather surprisingly, given this emphasis on the "market", there seems to be little resentment against EU regulatory policies. This may be a reflection of the acceptance of some "market-based" approaches by the Labour Party but only if these are compensated by some form of regulatory oversight by government. Overall, there seems to be a positive attitude toward Europe although the national level of policy-making still seems to figure most strongly in the minds of the respondents.

2.1 The Position of Regions in Europe

The foregoing questions sought to derive a picture of the political system in Wales *as it is* at present. We also sought the opinions of our respondents with regard to what Wales, as a European region, *ought to be.* A resounding 93.2% of the sample thought Wales and the other EU regions should have greater influence in the future and only 1.7% thinking they should have less (Q.2). We also tried to get a clearer idea of our respondents' expectations what a "Europe of the Regions" might bring about (Q.3). A large majority (69.8%) thought there would be less centralisation; solid majorities thought there would be more cultural pluralism (58.9%), but also more competitiveness (56.8%) and greater complexity in the decision-making process (61.3%). A slight majority (51.3%) thought there would be a reduction in regional disparities across Europe and a small minority (44%) thought it would lead to closer attention to the needs and desires of individuals. If we further analyse the responses, it emerges that the sample was quite indecisive with regard to the expectation of regional harmonisation, as 55.6% of the participants chose one of the "middle ground" answers ("hardly expected" or "somewhat expected"). The only exception were private companies, of whom 83.3% expected some kind of reduction in regional disparities.

These are what respondents expected to happen but what kind of future Europe would they *like to see* come about? One way of ascertaining this was to ask which groups should have more influence (Q. 39). This would indicate the priorities of the respondents as the groups represent particular sets of values or aspirations. Three very strong majorities favoured those seeking close co-operation between the state and the economy (83.1%), those seeking social cohesion (85.5%), and, overwhelmingly, those seeking environmentally sustainable growth (91.8%). A slight majority (56.7%) supported groups seeking to safeguard trade and only a minority (46.3%) supported groups campaigning for the strengthening of market forces. On the question of "strengthening of market forces" there was, not surprisingly, a clear split between private companies (81%) and business interest organisations (62.5%) who supported it and trade unions (100%) and public sector organisations (71.4%) who opposed it. However, the private sector groups seemed then to contradict themselves by supporting closer co-operation between the state and the economy as well as greater social cohesion both of which somewhat modify the "market forces" approach. It would be difficult to find anyone today from the private or public sectors who would oppose "environmentally sustainable growth" although 8% of the sample did so!

Here there is a picture of private and public sector actors agreeing generally on the necessity of a stronger role for regions in Europe. There is some disagreement between public and private sector actors on the role of "market forces" but there seems to be general agreement on a positive role for the state, on the necessity of greater social cohesion, greater co-operation between the private and public sectors and an overwhelming agreement on the necessity of environmentally sustainable growth. We might sum up these positions by saying that Welsh actors are strongly "regionalist", moderately pro-European, and, in their majority tending toward a more interventionist role for the state and for Europe. This confirms the finding reported above that Thatcherism, which seeks to increase the distance between public and private by "privatising" most aspects of public sectors activities, has not penetrated deeply into Wales beyond the legal requirements of compulsory competitive tendering.

3. *Responding to the European Challenge in Wales: Organisational Restructuring and Networking Activities of Welsh Institutions and Organisations*

The past ten years in Europe have witnessed a considerable effort of *mobilisation* by regional actors who are attempting to exploit what they perceive to be "windows of opportunity" (Hooghe, 1995; Kohler-Koch, 1996; Morata, 1996) for their regions. This effort has a double aspect. On the one hand, regions (and cities) are in competition with each other for scarce resources whether in the form of inward investment by transnational companies or as EU grants from the Structural Funds. This has led to *internal mobilisation* which refers to activities by regional actors, especially regional governments or coalitions of actors from the public and private sectors. These actors attempt to bring together resources of various kinds to enhance the relative competitiveness of their individual region. On the other hand, regions (and cities) are co-operating with each other more and more by joining and committing resources to organisations such as the Assembly of European Regions (AER) and the Conference of Peripheral Maritime Regions, to mention the two interregional associations most relevant to Wales. This may be called *external mobilisation.*

Regional actors have usually followed a number of steps to make the most of these "windows of opportunity" provided by the EU. The first step is usually to commit manpower and administrative resources to deal with these questions. Then there is the search for suitable partners, both within the region and beyond, with whom more or less intensive interactions will occur. Over time this may develop into more permanent and formal consultation and networking. However, such networks come about usually in relation to a particular policy sector or policy area. In this part of our survey we wished to see to what extent Welsh actors have been involved in two European policy areas: EU Regional Development Policy and EU R&D Policy. We also wished to examine how much the organisations to which our respondents belong have modified their organisational infrastructure, how far they have developed co-operation networks, what their motivations for doing so were, and how they assess their experience gained so far.

Of the 123 organisations in our panel, 95 (77.3%) indicated (Q. 6 and 16 respectively) that over the last five years they have been involved in at least one measure of EU Structural Policy, and, during the same period, 52 organisations (42.9%) were involved in at least one measure of EU R&D Policy.[9] Virtually all of them used at least one of the methods mentioned below.

9 A total of 88 organisations indicated multiple involvement in one of the two policy areas (66 in structural policy, 20 in R&D policy), and 29 public and semi-public bodies indicated involvement in both policy areas. Five organisations indicated no involvement.

3.1 Internal Reorganisation

When asked (Q. 40a) if they had undertaken some kind of internal reorganisation to meet the challenges emanating from the EU, 73 (61.9%) replied that they had undertaken some measures. 61 of these organisations indicated the kind of measures they had taken (Q. 40b): some had either (a) created a new department to deal with EU matter (37.7%); or (b) broadened the scope of activity of existing departments or desks to take EU matters into account (47.5%); or (c) had set up a co-ordination procedure between the departments or desks dealing with EU matters (14.8%).

Trade unions and private companies[10] were the only actor categories in which a majority of respondents (80% and 71.4% respectively) did not join the trend to use one of these forms of internal reorganisation. Legislative bodies and semi-public organisations often preferred option (a), while a majority of administrations and business interest organisations went for option (b). However, option (b) is probably a minimalist approach and one need to enquire what this means in practice with regard to the manpower committed to the task. 68 of the respondents who have reorganised in some manner indicated (Q. 41a) this: 64.7% had committed less than 5% of their employees to EU matters; 23.8% more than 10%; and 11.8% between 5% and 10%. As far as private companies are concerned, the percentages seem to be very low, but nevertheless constitute a significant commitment, given the fact that their first and foremost concern is to manufacture a product, which is usually much more labour-intensive than marketing.[11]

	<5%	5-10%	>10%
small company	1	0	2
medium company	2	1	0
large company	1	0	0

Although these figures do not seem to be very high, one has to take into account that in the manufacturing industry and in local government dealing with EU matters is only a small part of their business activities. So the figures probably indicate a strong commitment, and even smaller organisations have usually hired or trained at least one specialist on European affairs. With regard to the experience of these employees dealing with EU matters (Q. 41b), out of 71 responses. 73.2% had *not* previously dealt with European matters in their organisation.

In summary, a majority of public and private sector organisations in Wales have responded to the challenges of European integration by carrying out some kind of internal reorganisation and have

10 It has to be noted that in accordance with the present Welsh structure of the economy our company panel mainly consists SME. However, the bigger companies usually did make the effort to commit manpower or at least to update their procedures.

11 A similar argument applies to local councils due to the wide range of local functions and services they have to perform.

committed employees to deal with EU matters. The favoured type of internal reorganisation seems to be to expand existing desks or departments to take on EU matters as well as whatever matters they were previously dealing with. This seems like a minimalist approach especially if the existing departments are not given extra resources to fulfil their new tasks. The approach taken be a substantial minority who set up new desks or departments seems to be a better strategy for exploiting the opportunities that exist.

3.2 Importance of, and Interactions with, Other Organisations

We asked (Q.23) which organisations were regarded as important for the development of Wales. A majority thought that the following, in decreasing order of importance, were important: Welsh Office Industry Department (76.2%); Welsh MEP's (75.4%); County Councils[12] (74.6%); the Secretary of State for Wales (73.8%); Welsh Development Agency (73.8%); DG XVI, European Commission (70.5%); Wales European Centre (69.7%); Local TECs (59%); District/City Councils[13] (58.2%); Welsh MPs in the House of Commons (54.9%); WDA Area Divisions (54.9%); WDA International Division (51.6%); Development Board for Rural Wales (50.8%). Substantial minorities thought the following organisations were important: the Committee of the Regions; other European Commission DGs; CBI, Wales and some sections of the WO. However, the trade unions and their international associations, the political parties, the House of Lords, the Cabinet Office and the European Parliament were seen as rather unimportant.

In the same question, we asked respondents to indicate with which organisations they had regular contacts, an indicator of possible networking. The responses indicated a correlation between perception of importance and regular contacts: almost half (48.4%) had regular contacts with the WO which is perceived to be the most important as did those who had contact with Welsh MEPs (45.9%). 61.5% of respondents had regular contacts with the County Councils. Of course, these bodies are geographically closer to Welsh organisations compared to the institutions of the European Union which is one simple explanation for the regularity of contacts. This finding is confirmed by another set of answers (Q.44) where a majority (52.3%) thought that their interests are better represented at the regional level, followed by a minority (24.4%) who thought they were best represented at the local level. It is striking that Welsh MEPs (members of a body, the European Parliament, which is usually considered as rather ineffectual) are regarded as more important than Welsh MPs in Westminster. This is not surprising as only 3.5% of respondents thought the national level is where their interests are best represented compared with 18.6% who think Europe is (Q.44). This may be regarded as another indication of the perceived importance of "Europe" for Welsh development although the regional and the local are the still most relevant. "Europe" is still rather distant but,

12 The survey was conducted before local government reorganisation in 1995.

13 The same remark applies here.

interestingly, less so than London which may be a consequence of having a Conservative government in power in London whose support in Wales has drastically declined since 1979.

An important aspect of contemporary network building is the relationship between public and private actors and we wished to discover how far advanced this was in Wales. We asked (Q. 24) how many of our respondents were involved in consultations between public and private actors. Overall, 70.1% were involved in such consultations and a majority of all actor categories indicated this to be the case. Interestingly, when asked at which level (local, regional, national, EU) these consultations took place, 82.2% of respondents indicated that it was at the regional level (i.e. the region defined as Wales), followed by 56.8% who said it was at the local level, 50.7% who said it was at the national level, and 40% who said it was at the EU level. Clearly, the "region" of Wales is the most favoured level of consultation. It is mainly business interest associations and legislative bodies and only a quarter of private companies and administrative bodies who are involved at the EU level.

Involvement in consultations makes demands in terms of time and money and we wished to find out what motivated organisations to become involved (Q. 25). Almost half (49.4%) of those participating indicated that it was to be involved in decision-making, 20% wished to make contacts, and 17.6% wished to obtain information. Only 8.2% thought it was not interesting to participate. A majority of semi-public organisations (66.7%), half of the business interest organisations (50%) and a substantial minority of legislative bodies (40%), think that such consultative processes are important for decision-making. Private companies are less concerned with this and participate either to make contacts (35%) or obtain information (20%). Six out of the seven organisations who said "it is useless to participate" were companies.

We then asked (Q.26) whether recent trends in other EU member-states to set up joint consultative bodies involving public, non-governmental and private organisations, was a useful approach to problem-solving. An overwhelming 75.9% thought it was useful, including 24.1% who thought it was *very* useful. 66.7% of private companies shared this view. When asked what the advantages of these kinds of bodies might be (Q. 27), 75% thought that utilising the expertise of a broad range of organisations and interest groups should lead to improved policy-making. When asked what the disadvantages might be (Q. 28), 46.9% though they would simply talking shops, 31.9% thought they would be too time consuming and 21.2% thought that no-one would take responsibility. When asked whether they were aware of the existence of such bodies in Wales (Q.29), 74.8% answered that they did not. In the light of the previous response (see Q. 24 above) which indicated a high degree of involvement in consultations, this suggests that, at present, such consultations are mainly informal and non-institutionalised. Nevertheless, these answers confirm, once again, an absence in Wales of approaches favoured by Conservative Governments since 1979 and a great deal of willingness to adopt a more "corporatist" approach to policy-making and not simply to leave everything to the free market.

25.2% of respondents were aware of such consultative bodies in Wales and, of these, 60.5% participated in them. It has to be noted that a majority of public actors participate in such consultative measures while a majority of private actors do not (but is usually represented by at least one business interest organisation which puts forward their view).

We then proceeded to ask (Q. 32) which was the most important consultative body in Wales today. The following bodies were mentioned by a minority of respondents (the numbers were not large enough to give meaningful percentages):

Consultative Body *	**Nominations**
Welsh Economic Council	4
Welsh European Forum	3
Welsh Development Agency	3
Training and Education Councils	2
CBI Wales Council	2
Assembly of Welsh County Councils	1
Regional Technology Plan Committee	1
Monitoring Committees for Industrial South Wales Single Planning Document (Objective 2) and for Rural Wales (Objective 5b)	1
Welsh Chamber of Commerce	1
Standing Conference on Policy in South Wales	1
Welsh Tourist Board Advisory Committee	1

* Organisations in *italics* are acting as single host for consultations and are not as such consultative bodies.
REGE Wales, 1996

So although there is no single dominating consultative body in Wales today, there is a range of formal consultative measures for specific issues available to those concerned. This fact was also stressed by three more respondents who pointed out that who the most important consultative body is varies according to the topic to be dealt with.

Those participating in consultative bodies were asked how important this was to them (Q.31a): 70.2% answered that it was important, with 45.9% stating that it was quite or very important. When asked (Q.31b) whether it was enough to be simply informed about the proceedings, 88.6% answered that it was not. Clearly, then, membership of such consultative bodies is seen as both worthwhile and necessary. Joining such bodies is not difficult as 62.8% thought it was easy to become a member (Q.33).

We were interested in discovering the nature of relations among the members of the consultative body (Q. 34). Opinions were evenly divided on this issue, with just over half (52.4%) thinking relations tended to be equal, and the rest (47.6%) thinking them to be hierarchical. Did participants expect these consultative bodies to become institutionalised or to remain informal and spontaneous (Q. 35)? 83.3% of those who answered the question thought they would become more institutionalised.

3.3 Developing a European Strategy

Our survey was designed to report on the perceptions of key elites with regard to the consequences of Wales' position as part of the European Union (Q. 45a). Most (73.5%) thought that the increasing importance of Europe over the last few years had changed the relations between the public sector and the economy and an overwhelming majority (90.4%) thought that these changes were positive (Q. 46b). Our respondents are also displayed a willingness to work with others to develop strategies to enhancing their positions in negotiations with the EU (Q. 42). Majorities were in favour of a broad coalition of forces at the regional level (82%); close co-operation among those mainly concerned with EU matters (51.4%); and transnational co-operation with partners in other EU member-states (55.9%). The traditional British method of exercising influence via informal channels was only supported by a minority (44.1%), while other strategies attracted only small minorities: using specialists such as social scientists (16.2%) and organising public pressure (10.8%). When asked whether strategies developed with regard to Europe were simply the same old methods or were innovative, a slight majority (53.6%) claimed they were innovative, with the rest (46.4%) stating they were the same.

4. *Practical Experiences and Problems in Regional Development Policy, and Research and Development Policy*

The foregoing sections reported on some rather general questions with regard to regional politics and policy-making in Wales and attitudes towards "Europe". We attempted to refine the analysis by reporting on the involvement of our actors in specific EU programmes. Over the previous five years, the majority of our respondents had participated in these programmes as follows: in all, 71.5% of all respondents were involved in at least one of the two areas and 29% were involved in both.

With regard to Regional Development Policy, by far the most important programme was Objective 2 Priority funding (that is, funding for industrial regions in decline) which involved 76.5%[14] of the organisations. This, as we might expect, was followed by participation in Objective 5b Priority funds (funding for rural development) which involved 50% of the participating organisations. 27.9% were involved in Objective 3 Priority funding and 14.7% in Objective 4 Priority funding[15]. No part of Wales is eligible for the financially most important funding given to Objective 1 Priority regions, which are those regions lagging behind the average of the EU regions. Welsh organisations were involved in a number of programmes financed by Objective Priority funds: RECHAR I/II (54.85%), LEADER (40.4%), INTERREG (33.9%), and RETEX (12.9%). With regard to R&D Policy, the key initiatives are: STRIDE (41.2%), BRITE/EURAM (17.6%), ESPRIT (11.8%), and RACE (11.8%).

Our respondents replied (Q. 17), that the two most important levels of government for Regional Development Policy are the regional (95.7%) and the EU (84.7%) with the national and local levels not far behind (74.5% and 61.8% respectively). With regard to R&D, the two most important are the EU (71.4%) and the regional (68.6%) which is almost equalled by the national (68%). In this area, the local level is regarded as important only by a small minority (30.7%). The picture that emerges here is indeed one of "multi-level governance" with the regional, European and national levels all being perceived as important but, in these two policy areas at least, the regional and the European being the most important.

In 1985, 1988 and 1993, the EU reformed its Regional Policy (Loughlin, 1996). One of the aims of these reforms was to promote the idea of "partnership" which basically means the greater involvement of sub-national levels of government as well as private sector actors in policy-making. We wished, therefore,

14 Unless otherwise stated, all further percentages in this chapter refer to the totals of those involved in the two programmes, i.e. RD: 95 = 100%, R&D: 52 = 100%.

15 The percentage total exceeds 100% due to the high number of multiple involvement indicated above. The same point applies to the figures on "involvement in programmes" (RP) given below, while in R&D involvement in programmes the "missing" 17.6% consist of singular participation by individual organisations in other programmes.

(Q.13) to discover the relative influence of various public and private sector bodies in the selection of eligible areas, and in the planning, implementation, monitoring and evaluation of programmes.

Actor Category	Degree of Influence	Selection of Eligible Areas (%)	Planning (%)	Implement-ation (%)	Monitoring (%)	Evaluation (%)
Local Authorities	high medium low	21.2 38.8 40.0	31.7 40.4 22.5	58.9 31.0 9.2	23.3 52.3 24.4	17.5 46.5 36.0
Welsh Office and WDA	high medium low	67.9 23.8 8.3	63.1 32.1 4.8	45.8 36.1 18.1	54.9 31.7 13.4	53.7 35.3 11.0
UK Government	high medium low	59.8 28.7 11.5	23.8 44.0 32.2	17.1 39.0 43.9	19.0 41.7 39.3	20.2 44.0 35.7
European Commission	high medium low	70.9 22.1 7.0	43.4 39.8 16.8	15.7 36.1 48.2	25.6 57.3 17.1	38.5 45.8 15.7
Private Actors in Wales	high medium low	2.4 10.8 86.8	1.3 20.3 78.4	7.5 32.5 60.0	1.3 14.1 84.6	1.3 13.0 85.7

It needs to be pointed out that private actors are perceived as having almost no influence in any activity! Clearly, the notion of "partnership" is working with regard to public sector authorities but not with regard to private actors. While private investment is needed for many projects, private actors usually lack a direct say on the political end and have to rely on informal channels of influence. Most interesting is the fact that this view is not only shared by private actors themselves (which could be dismissed as undue moaning), but also by most public and semi-public actors.

34 organisations indicated that they were represented in a monitoring committee for evaluating the implementation of EU Structural Policy Programmes. These were asked some additional questions on the monitoring process itself. We wished to discover how much influence these organisations felt they had in the committee (Q. 14). A small majority (57.6%) thought they had a "high influence", although, somewhat incoherently, only a minority (44.1%) thought that the position of their organisations was in line with the decisions taken by the committee. A small majority (53.4%) found the atmosphere "co-operative".

We wished to discover (Qs. 10 and 19) which institutions or organisations were most helpful in providing assistance to those participating in Regional Development and R&D policies.

With regard to Regional Development Policy, majorities pointed to the following organisations as being helpful. At the *regional* level: Local Authorities (87.3%); Regional Development Agencies (73.4%); the

Welsh Office (69.15). At the UK *national* level: Welsh MPs and House of Commons Committees (54.8%). And, at the *European* level, the Wales European Centre (66.7%); Welsh MEPs and the European Parliament (61.6%); and the European Commission (59.4%). The interesting finding here is the importance of the role of the local authorities (now, of course, reorganised).

In the R&D policy area, only the Regional Development agencies had a clear majority (64%) although just under half indicated Local Authorities (48%) and the Welsh Office (46.2%). There were no majorities, or even strong minorities, indicating helpfulness from UK national organisations including Welsh MPs and House of Commons Committees. At the European level, only the Wales European Centre is indicated by a majority (65.2%) although strong minorities indicate the European Commission (48%) and Welsh MEPs and the European Parliament (46.2%).

These findings are consonant with previous findings in this paper which indicate the importance of both the region and Europe and also the important role played by the Wales European Centre and Welsh MEPs (see above, section on importance of, and interactions with, other organisations). It is interesting to note which organisations at the regional level were *not* seen as helpful (which, of course, is not the same as being *un*helpful - it may simply be that they are not normally approached) in Regional Development and R&D (percentages refer to these respectively): Chambers of Trade and Industry (87%, 80.8%); Regional Offices of Industrial Organisations and Trade Unions (88.7%, 92%); Private Consultants (70.8%, 62.5%). Similar figures emerge for the national and European levels. Particularly noteworthy here is the marginal role of Westminster - Welsh MPs and House of Commons Committees - with regard to R&D (76%) and Whitehall - UK Government Departments except for the Welsh Office (76%). The UK Embassy to the EU also plays a marginal role in both areas (85.3% and 91.7%).

It is sometimes suggested that interest in Europe and European programmes on the part of local authorities and regional actors is driven largely by a search for funding. This is confirmed, to a great extent, by the responses to a question on what motivated groups to participate in EU measures (Q.11). With regard to Regional Development Policy almost all (91.3%) who answered this question indicated that it was because of access to additional sources of funding. However, almost half (46.3%) thought that participation was worthwhile because it strengthened the position of their region in comparison with other regions and a third (33.8%) thought it strengthened their organisation vis-à-vis other organisations within the region. This is also related to financial and economic issues since it refers to competition among regions for just these kinds of resources. Just under a third thought it promoted cross-border co-operation (32.5%) or was a sharing of experience (30%). Similar figures emerge with regard to R&D Policy. 86.4% of those participating were in it for the funding, while for almost half (48.8%) sharing of experience was the reason while a substantial minority (44.2%) thought participation provided additional innovative potential through European co-operation. Only a small minority (6.5%) thought participation was not worthwhile.

But how easy is it to participate in EU programmes (Qs. 12 and 21)? Big majorities of those who participated in Regional Development (64.2%) and R&D (66.7%) Programmes thought there was too big an effort required in terms of paperwork and co-ordination. Almost half (42%) of those involved in Regional Development Programmes thought that essential information was not available or arrived too late. Over one third (37.8%) of those involved in R&D programmes and over a quarter of those in Regional Development Programmes (27.2%) thought that the programmes are not in line with existing needs. Clearly, the obstacles encountered here are bureaucratic complexity, information deficits, and lack in clarity in the aims of the programmes. Only 2% of each participants in each group thought there were no problems but this did not prevent them submitting applications (7.7% of Regional Development Policy and 6.4% of R&D Policy participants said that obstacles prevented them from applying).

We wished to find out how our respondents viewed the relative position of Wales with regard to the amount of EU Structural Funds it received (Q. 9a) and also how they evaluated the distribution of these funds within Wales - the fairness of the distribution, whether it is widely dispersed or concentrated, and whether it is rigid or flexible (Q. 9b).

A substantial majority (64%) thought that Wales did not receive enough from the Structural Funds compared to what other regions received.[16] With regard to the distribution of the Funds within Wales, substantial minorities (all around 23%) indicated that they did not know the answer with regard to the three aspects of distribution. A majority of 61.6% thought that the present distribution was fair, although 61.1% also indicated that it was mainly concentrated on key locations. However, 56.3% complained that the funds usually were earmarked too rigidly. There is an understandable sub-regional division here with responses from North Wales tending towards less satisfaction than those in South Wales (the former three Glamorgans and Gwent).

Finally, we wished to discover our respondents' opinions on which level they considered most appropriate to take responsibility for the distribution of the Funds (Q. 15). Over half (51.9%) thought that, since the Funds are distributed among the regions, it is the responsibility of the latter to see to their appropriate use. Only 1.3% thought this should be the responsibility of national governments. About a quarter (22.8%) thought that the task of selecting and implementing the programmes should be carried out on a sub-regional level. Only 5.1% thought that regional, national and European levels of government should agree upon the distribution of Structural Funds, (this is the present position in most Member States). This emphasis on the importance of the regional level is confirmed by the overwhelmingly positive response (88.55%) to the question (Q. 22) whether the Welsh Office and/or the WDA should have a direct say in the process of developing and shaping R&D programmes.

16 Not surprisingly, this view is shared by a majority of actors in most other European regions in the project panel (see Appendix 1).

Conclusions

Several main findings result from the survey. The first is a strong emphasis on the importance of *the region* (Wales, but also "regions" in general) as the appropriate level of administration with regard to European issues. This is true generally but also in relation to the two European policy areas with which we were concerned. The majority of our respondents tend to be optimistic about the opportunities that have arisen for regions in today's Europe. However, this optimism is tempered by realism. Some of the more benign scenarios of a "Europe of the Regions" such as a reduction in economic disparities are viewed with a certain amount of scepticism. Although Wales can usefully be regarded as a "region" from the point of view of European funding, there are in fact, several sub-regions within Wales and respondents from North Wales thought that there was a certain amount of unfairness in the distribution of European Structural Funds. Unfortunately, we did not ask the question whether Wales should have its own regional government to exploit these opportunities. But if such a government were ever to be set up (as has been promised by the Labour Party) then it would have to tackle this problem of dealing fairly with all parts of the "region".

The second main finding is the positive attitude held by most of our respondents toward "Europe" and a recognition that Europe has become the key context within which regional development should occur. Even if we accept, as we pointed out above, that those who replied to our questionnaire are already in some way involved in Europe and therefore biased toward it, their European experience, as revealed in their responses, is seen to be very positive. Of course, "Europe" is primarily seen as a source of funds and, in a United Kingdom which has endured 17 years of Thatcherite policies cutting public sector funding, the relatively small amounts of funding coming from Brussels might be very significant for a local authority or a body such as the WDA. However, other reasons for supporting Europe are also present in the answers. Several actors pointed to the advantages of network building within regions and the possibilities of exchanging experience and strengthening one's position by networking with other regions. Although our actors are positive towards Europe, they are also aware of some of the obstacles to their full participation, especially the problems of red tape and the lack of clarity in some of the programmes such as R&D.

Finally, our respondents, drawn from both public and private sectors, are very willing to engage in collaboration across these sectors. Furthermore, they are ready to see such collaborative activities institutionalised. This is interesting as the Tory governments of the last 17 years have tended to down-grade such "corporatist" bodies in favour of government-appointed quangos. Indeed, Wales is one of the parts of the United Kingdom which has had most experience of such quangos. This "corporatist" tendency was true of a majority of all the actor categories we surveyed whether from the public or the private sectors. Indeed, the majority of our respondents, while accepting the legitimacy of certain "market-based" approaches to public policy and economic development tended to temper this with an acknowledgement of the role of such corporatist decision-making bodies. In this regard, Wales is somewhat in line with the other European regions surveyed (see Appendix 1 below) and rather out of step with the prevailing neo-liberal approaches of contemporary decision-making in Westminster and Whitehall.

Appendix 1 The European Comparison

As mentioned above, this questionnaire survey was not only conducted in Wales (WA), but also in eight other European regions: Baden-Württemberg (BW), Lower Saxony (LS), Rhône-Alpes (RA), Languedoc-Roussillon (LR), Lombardy (LO), Sicily (SI), Catalonia (CA) and Andalucia (AN). This allows us to compare the Welsh findings with figures obtained from these regions, and with the average of the findings in all these regions (EA).[17]

The European Sample is composed as follows:

Region	**number of returns** (cases)	**real distribution of cases (%)**	**optimum distribution of cases (%)**	**over-representation** (%)	**under-representation** (%)
BW	219	17.63	11.09	6.27	
LS	156	12.48	11.09	1.39	
RA	144	11.52	11.09	0.43	
LR	124	9.92	11.09		1.17
LO	171	13.68	11.09	2.59	
SI	81	6.48	11.09		4.61
CA	62	4.96	11.09		6.13
AN	171	13.68	11.09	2.59	
WA	123	9.84	11.09		1.25
Total	**1250**	**100.00**	**100.00**	**+13.20**	**-13.20**
REGE MZES, 1996					

Here are some interesting features of this comparison:

1. The importance of regional government in general, and with regard to Regional Development Policy (RDP) and R&D Policy in particular (Q. 1, 7, and 17).

17 Throughout Appendix 1, this average is referred to as "European Average" (EA), however it must be borne in mind that it only constitutes the average of the 9 regions in the sample, not all European regions.

The table gives the percentage of organisations which thought that regional government was important (including "somewhat important" and "most important"):

Region	in general (%)	for RDP (%)	for R&D (%)
BW	76.2	94.9	79.5
LS	75.5	92.7	88.0
RA	83.2	90.7	84.2
LR	88.4	87.0	84.1
LO	93.4	91.2	90.8
SI	96.2	89.2	79.3
CA	100.0	100.0	87.0
AN	93.4	99.2	92.6
WA	88.0	95.7	68.6
EA	**90.1**	**92.9**	**82.7**
REGE MZES, 1996			

A similarly almost unanimous picture emerges concerning whether regions should have a greater influence within the EU in general (Q.2), and whether regions should have **a** more direct say in the shaping of EU R&D Policy (Q. 22)

Region	for greater general influence (%)	for a more direct say in R&D Policy (%)
BW	65.7	76.4
LS	72.8	69.1
RA	63.6	53.2
LR	67.8	62.9
LO	87.1	94.3
SI	79.0	88.2
CA	81.7	95.2
AN	75.0	92.3
WA	93.2	88.5
EA	**75.1**	**77.5**
REGE MZES, 1996		

Not quite so unanimous were the opinions on expected features of a "Europe of the regions" (Q. 3)

Region	reduction of regional disparities (% Yes)	more gains by already strong regions (% Yes)	counter-balance to centralization (% Yes)	more complex decision-making processes (% Yes)	more cultural pluralism (% Yes)	closer attention to needs of individuals (% Yes)
BW	56.9	76.7	83.3	70.0	87.8	55.6
LS	64.0	69.6	87.7	66.5	81.4	56.0
RA	26.9	88.0	82.4	71.1	75.2	50.0
LR	42.7	74.4	88.2	76.7	73.2	59.8
LO	40.6	74.1	89.1	65.0	89.1	69.3
SI	62.4	61.1	76.4	65.4	79.9	83.0
CA	41.7	74.5	93.1	52.5	100.0	85.3
AN	65.1	47.4	77.3	62.6	81.1	81.3
WA	51.3	66.8	69.8	61.3	58.9	44.0
EA	**51.0**	**69.6**	**81.7**	**66.6**	**77.8**	**64.7**
REGE MZES, 1996						

Another interesting feature are the views on the economic impact of establishing the Single European Market, in particular whether it would be useful to follow the market-oriented trend within the SEM (Q. 4), and whether EU competition regulations have harmful effects on the regional economy (Q. 5).

Region	useful to follow market-orientation (% Yes)	competition rules hinder regional economy (% Yes)
BW	88.0	62.1
LS	72.8	66.6
RA	93.0	58.4
LR	77.0	55.5
LO	92.1	18.6
SI	80.2	50.6
CA	93.5	68.5
AN	88.8	79.4
WA	77.1	41.3
EA	**85.4**	**55.7**
REGE MZES, 1996		

And what about Structural Funds from the EU once they reach the region (Q.9)?

Region	not enough (% Yes)	not distributed fairly (% Yes)	too much spatially concentrated (% Yes)	too rigidly earmarked (%Yes)
BW	59.3	28.2	33.8	34.1
LS	70.7	43.0	39.9	53.9
RA	43.4	37.8	31.8	57.4
LR	60.2	63.0	29.1	59.5
LO	59.7	50.0	29.4	59.5
SI	57.1	65.1	20.4	61.7
CA	83.3	37.7	43.5	55.0
AN	59.3	48.6	44.8	62.9
WA	64.0	29.5	47.3	43.1
EA	**59.4**	**44.0**	**36.1**	**52.6**
REGE MZES, 1996				

All this, of course, has also a bearing of the general perception of the political climate in the region (Q. 36):

Region	innovative (% Yes)	controversial (% Yes)	market-oriented (% Yes)	focusing on issues rather than personal relations (%Yes)
BW	61.8	32.9	86.3	66.4
LS	50.4	59.0	63.0	48.1
RA	52.1	28.2	70.8	43.1
LR	46.4	72.5	42.3	33.3
LO	27.2	52.0	49.0	28.4
SI	7.5	55.5	22.9	14.4
CA	50.0	43.4	56.3	42.6
AN	62.2	64.1	27.4	52.7
WA	35.5	37.3	47.2	56.0
EA	**46.7**	**46.0**	**55.9**	**45.0**
REGE MZES, 1996				

Another constituent element for the political climate are public - private relationships; in particular whether the regional government usually sets the right priorities (Q.37); whether the regional government is the primary source of initiatives (Q. 38a), whether public servants are usually open to outside suggestions (Q.38b), and whether the interests of important groups are usually disregarded in the process of public policy-making (Q.38c) .

Region	**usually setting right priorities** (% Yes)	**primary source of initiatives** (%Yes)	**open to suggestions** (% Yes)	**disregard of group interests** (%Yes)
BW	74.1	42.1	71.3	34.0
LS	38.8	42.0	56.5	45.5
RA	86.4	69.4	77.1	48.5
LR	80.7	70.0	69.1	50.9
LO	44.4	55.1	54.0	63.3
SI	5.2	50.7	35.4	83.2
CA	80.0	53.8	81.9	58.2
AN	51.7	69.2	65.4	52.3
WA*	42.7	36.0	50.2	45.3
EA	**57.1**	**53.6**	**62.9**	**50.8**

* In the absence of a Welsh regional government, the data refers to the Welsh Office.
REGE MZES, 1996

The apparently widely perceived disregard for important groups in the process of public policy-making leads to the question which groups should have more influence in the future (Q. 39), namely those campaigning in favour of:

Region	strengthening of market forces (% Yes)	close public-private relations (% Yes)	safeguarded trade (% Yes)	social cohesion (% Yes)	environ-mentally sustainable growth (% Yes)
BW	84.0	88.7	26.0	70.7	85.8
LS	80.4	87.7	26.7	75.1	87.3
RA	55.9	96.0	7.8	87.5	86.9
LR	59.0	96.1	15.9	78.1	87.0
LO	77.2	92.0	48.0	82.2	89.1
SI	84.3	95.6	53.9	87.2	90.9
CA	71.0	87.8	74.5	87.7	96.4
AN	63.7	93.4	81.3	96.8	89.0
WA	46.3	83.1	56.7	85.8	91.8
EA	**71.2**	**88.3**	**41.8**	**85.4**	**89.9**

REGE MZES, 1996

Appendix 2 The Survey Sample

The study[18] was conducted in all parts of Wales before local government reorganisation; the distribution of questionnaires per county reflected the location of the organizations in Wales which, in turn, is a reflection of the size of the population in Wales. However, for analytical purposes the distinction is usually made whether an organisation acts predominantly on the regional (Welsh) or the local (i.e. County and District) level, while reference to distinction between different Counties is made only where appropriate. We must stress that this project was designed as a survey among *specialists* within Welsh organisations participating in the kind of activities described above. The data have to be interpreted, therefore, with due care, the emphasis being on panel quality rather than quantity. We nevertheless think that the results provide a reasonably valid picture of the present situation.

Questionnaires sent out per County (old-style) and actor category

	business interests	chambers	trade unions	comp-anies	semi-public	parties/ legisln.	public admin.	Total
Regional (Wales)	12	1	12	5	15	14	11	70
Gwent	0	2	0	10	3	7	11	33
S. Glam.*	1	1	0	32	4	8	5	51
M. Glam.	3	0	2	8	9	12	12	46
W. Glam.	0	2	3	10	6	9	7	37
Powys	3	0	0	1	2	6	6	18
Dyfed	1	0	1	3	8	13	14	40
Gwynedd	1	1	0	1	2	8	9	23
Clwyd	4	2	0	1	7	12	11	37
Total	25	9	18	71	56	89	86	356

* excluding Cardiff - based regional offices which also serve as sub - regional offices. Those are to be found in the "regional" category.
REGE Wales, 1996

18 Between July and November, 1995, we conducted a questionnaire survey among 356 public, semi-public and private organisations in Wales which over the last five years have been involved either in Regional Economic Development Policy, or Research and Technology Policy, or both. These organisations belong to one of the following categories:
- Business Interest Organisations;
- Chambers of Commerce, Trade and Industry;
- Trade Unions;
- Private Companies;
- Semi-public and Non-governmental Organisations;
- Political Parties and Members of Legislative Bodies; and
- Central and Local Government (public administrations).

Of the 365 organisations polled, 123 organisations (= 34.5%) responded. The response rates by area and type of organisation were as follows:

Returns per County and actor category

	un-known	business interests	chambers	trade unions	comp-anies	semi-public	parties/ legisln.	public admin.	Total	%*
Regional	0	7	1	4	1	8	5	3	29	23.6
Gwent	0	0	1	0	3	1	1	4	10	8.1
S. Glam.*	0	0	0	0	8	1	1	2	12	9.8
M. Glam.	0	1	0	0	5	3	3	6	18	14.6
W. Glam.	0	0	0	2	3	2	3	5	15	12.2
Powys	0	1	0	0	0	1	1	2	5	4.1
Dyfed	0	0	0	0	2	6	4	4	16	13.0
Gwynedd	0	0	0	0	0	1	3	1	5	4.1
Clwyd	0	0	1	0	0	2	3	5	11	8.9
unknown	2	-	-	-	-	-	-	-	2	1.6
Total	2	9	3	6	22	25	24	32	123	100
%*	1.6	7.3	2.4	4.9	17.9	20.3	19.5	26.0	100	

* of *returns* (i.e. 123 = 100%)
REGE Wales, 1996

Return Ratio per County

County	sent	returned	% in
Regional	70	29	41.9
Gwent	33	10	30.3
South Glamorgan	51	12	23.5
Mid Glamorgan	46	18	39.1
West Glamorgan	37	15	40.5
Powys	18	5	27.8
Dyfed	40	16	40.0
Gwynedd	23	5	21.7
Clwyd	37	11	29.7
unknown	0	2	-
Total	356	123	34.5

REGE Wales, 1986

Return Ratio per Actor Category

Actor Category	sent	returned	% in
business interest organisations	25	9	36.0
chambers	9	3	33.3
trade unions	18	6	33.3
companies	71	22	30.9
semi-public actors	56	25	44.6
parties / legislative actors	89	24	27.0
public administrations	86	32	34.9
unknown	0	2	-
Total	356	123	34.5
REGE Wales, 1986			

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