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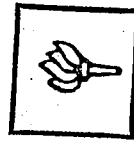
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Developments in West European Politics 2

edited by

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Neither market competition nor political competition necessarily safeguards a system against corrupt behaviour. And the expansion of formal rules may simply complicate the system, providing new incentives for illicit activity unless public scrutiny and the informal side of the accountability equation is not also strengthened.

Chapter 11

Territorial Politics and the New Regionalism

MICHAEL KEATING

One of the striking features of modern European politics is the reemergence of territory; a new regionalism is changing the political geography both of individual states and of Europe as a whole. Yet it is an elusive phenomenon, taking different forms in different places, linked to a variety of social and political movements and operating at several geographical scales. We can speak of economic regions, cultural regions, political regions and administrative regions, which may or may not coincide in space. The scale of regions goes from the European Union, considered by international-relations specialists as an example of 'regional' integration, to the 'city-region' consisting of an urban area and its hinterland. What the various meanings have in common is that they refer to emerging social and political arenas beyond the nation-state.

It is a commonplace that the European state is currently undergoing major transformations. It is challenged from above, by the complex of processes captured by the shorthand term 'globalization' and by European integration; from below, by the emergence of regionalist, localist and minority nationalist movements; and laterally by the advance of the market and of civil society. As a result the state is being restructured both functionally and territorially, and its claims to a capacity for broad social regulation are questioned. This challenges integrationist theories of state-building and development which tended to see integration as a one-way process (Deutsch, 1966), usually equated with modernization and progress. These accounts have gradually given way to more subtle and less determinist analyses of the links between territory, function and political authority over time. In the 1960s and 1970s, Stein Rokkan (1980) traced the evolution of the European state system on a grand scale and pointed to continuing fault-lines and instances of imperfect integration. In the 1980s and 1990s social scientists posed further questions about the evolution of states, why we ended up with the ones we have, and what might have happened had circumstances been different (Tilly, 1990; Spruyt, 1994). From the

1990s, major historiographical disputes erupted in several countries on the sources of state legitimacy, the rights of minorities and the existence of pluralistic and more open traditions of statehood. It is no coincidence that these historiographical controversies should have exploded just at the time when the authority of the state in social and economic regulation is being called into question. We are now being forced to realize how strongly the social sciences were influenced by the nation-state framework in which they developed. Political scientists are increasingly inclined to see national integration as a continued exercise in statecraft and management rather than as a one-off process (Keating, 1988). Jurists are demystifying the state as the source of all law, and looking at legal pluralism and the emergence of normative orders beyond the state (McCormick, 1999). Social geographers and economic sociologists are examining systems of social regulation and economic production rooted in territories below and beyond the state.

The reconfiguration of the state has taken many forms but our interest here is the territorial dimension and the emergence of regions as new systems of social regulation and collective action, below the state and, to some degree, beyond it. The 'new regionalism' (Keating, 1998) is a complex set of processes and influences, since the interplay of function, identity, political mobilization, systems of representation and government varies across the states of Europe and increasingly within them. Three dimensions are of critical importance: economic restructuring; new social and political movements; and institutional change. The interplay among these in the context of global and European integration goes a long way to explain the complexity and diversity of the phenomenon.

Economic restructuring

There has in recent years been a radical change in thinking about economic development and its relationship with territory. Generally, in neo-classical and Keynesian economic theory territory is not considered an important factor in itself. Location matters only as it affects the distance of a firm from its raw materials and its markets and this is fundamentally a matter of cost or the availability of transport infrastructure. It is thus possible for a government, taxes and subsidies to persuade investors to locate their plants in its preferred places. In a closed national economy (such as most European states after the 1930s depression), these have no alternative but to comply. Following the Second World War, governments, faced with problems of underdevelopment in some regions and obsolescence in others (notably in the older

industrial areas of the United Kingdom), put in place ever-more elaborate mechanisms to manage their spatial economies by diverting investment to areas of need. At a time of overall full employment, this was presented as a zero-sum policy in which the needy areas would benefit from added investment, the booming areas from the relief of pressure, and the national economy from mobilizing resources in peripheral areas that would otherwise remain idle. The broad aim was to reintegrate declining areas into national economies, while preparing to face European competition and the opening of global markets. Policies, initially based on fiscal incentives and grants and on planning controls, gradually became more sophisticated as governments engaged in spatial planning (especially in France, Scandinavia and the Netherlands) and sought to build 'growth poles' around key sectors. Policy was overwhelmingly top-down, aimed at integrating the regions into the national economy, but as strategies became more elaborate governments sought partners on the ground among local political and economic elites. In France, Italy, Belgium and the United Kingdom, regional development councils were established to engage in concerted action and integrate central and local efforts. These were not generally a great success, caught as they were between central demands and local needs, but they did succeed in politicizing what was until then a rather technical exercise. In France, Italy and Belgium, regional planning councils gave way over time to elected regional government, while in the United Kingdom they atrophied until their abolition in 1979, but were revived in a new form in England in 1999. In Germany, there was a less corporatist approach to regional development which was handled intergovernmentally through the Joint Tasks Framework between the federal government and the Länder.

Centralized regional policies increasingly came into question after the oil crisis of the 1970s. With the end of full employment, the consensus on diversionary policy collapsed and regions had to compete for development. Some of the large developments sponsored by governments failed to take root or to spark self-sustaining growth around them, giving rise to the jibe that they were 'cathedrals in the desert'. In Italy, the system of regional development had been captured by the *partitocrazia* and subordinated to a clientelistic logic of divisible benefits, with projects being broken up into small pieces and losing their critical mass. With the opening of markets and increased capital mobility, governments were unable to prevent firms locating in boom areas since they would otherwise flee the country altogether. Regional policy thus lost its economic rationale and was sustained only for social and political reasons. This led to a change of focus from large regions and into smaller-scale local and urban initiatives.

At the same time, there has been a change in academic thinking about regional and local development, which has supported the move away from top-down planning and towards more locally-based approaches. The new scholarly thinking is rich and complex and it is difficult in a short summary to do it justice, but some themes stand out. One is a new emphasis on place, considered as more than mere location (Agnew, 1987) but as a complex of social relationships, norms, institutions and understandings. This idea draws on the literature on economic sociology (Swedberg, 1993) and on the social construction of the market (Bagnasco and Trigilia, 1993) to show that economic development is more than about merely assembling factors of production in a physical space. The social structure of places is important, so that parachuting an investment into an inappropriate locale is unlikely to lead to success. Successful regions are said to possess social capital (Coleman, 1988; Putnam *et al.*, 1993), by which is meant patterns of social relationships and trust that permit a balance of cooperation and competition, allowing the production of public goods and long-term collective investments (Sabel, 1993). Economists have long recognized traded dependencies based on the linkages among producers and suppliers or complementary firms in traditional industrial districts – and that these formed the basis for the growth-pole strategies of the past. The new approaches add untraded interdependencies (Courchene, 1995; Morgan, 1995; Scott, 1998) arising from the 'milieu' or informal patterns of cooperation and support, and the proximity of innovators, research facilities and associations within a region. These sustain networks and foster the associational economy (Cooke and Morgan, 1998) which combines market competition with social cooperation. Another key idea is that of the learning region (Morgan, 1995) in which innovation is self-sustaining. The focus here is not on the large firms of the past, but on small businesses engaged in flexible production in response to changing markets. Economies of scale are achieved not within the firm, as in conventional theory, but at the level of the local system of production. Such economies are particularly important for small and medium-sized firms based on flexible specialization.

So the locality, from being a mere space in which market forces operate, becomes a key element in production itself. The basis unit of production is no longer the individual firm, but the whole productive space of the region. The old idea of comparative advantage under which every region had a place in the national and international division of labour, underlying traditional regional policy, has given way to absolute or competitive advantage (Scott, 1998) in which regions, not just firms, compete for investment, markets and technology. This has radical implications for politics since it postulates a common regional interest in

competition overriding other solidarities of class, sector, gender, age or ethnicity. It encourages a neo-mercantilist form of politics in which politicians can portray the region as pitched into ceaseless competition for market advantage. How much such political appeals are based on hard economic reality, and how much on the political interpretation of it, is another question.

Regional development policy has been refocused. It is more decentralized to the regional or local level where the capacity for horizontal integration and knowledge of problems is greatest (Cappellin, 1995). It places less emphasis now on physical infrastructure and more on human resources development. Training policies have widely been decentralized to complement other instruments of intervention and education has often been tied into economic policy in a more direct way than before. There is also a strong emphasis on research, development and technology transfer through networks and linkages among firms and between them, universities, research centres and governments. There is less emphasis on synoptic planning or large-scale intervention and more on 'steering' and selective intervention to remedy market failures. There is a focus on the need to determine the region's niche in the global economy and to foster clusters of industries that can exploit this best and sustain each other. Endogenous and self-sustaining growth is the new formula for success. Neither big government nor big business can save the regions but, by proper organization, dense networks of small and medium-sized firms can forge a productive system to take on global competition.

These policy ideas have been developed and diffused, through academic networks, conferences, consultants, interregional associations and European Union (EU) regional policies across Europe, so as almost to amount to a new consensus. The Commission, as a requirement for funding, has insisted on a shift in priorities away from hard infrastructure, and on partnership arrangements with all levels of government and the private sector. New member states have had to adopt regional structures in accordance with best modern practice, and prospective member states are encouraged, through the PHARE programme, to regionalize themselves. Regional leaders throughout Europe have adopted a similar discourse, stressing markets, public-private partnership and the need for stronger regional institutions. Indeed the model of the networked or learning region has become something of a received wisdom. A cynic might even detect a circular process in which academics sell the idea to policy-makers; they adopt the corresponding rhetoric and then other academics come and study it as part of the social reality.

There has indeed emerged a new generation of prophets of the new regionalism as an encompassing system of social regulation – there are

clear parallels with the way in which other partial ideas like Keynesianism or post-Fordism have been applied to the entire social world. Kenichi Ohmae (1995), writing from a neo-liberal perspective, jumps directly from the emergence of economic regions to the end of the nation-state. He portrays a world of thrusting, dynamic regions jostling for advantage in world competition, although anyone with the least familiarity with some of his examples will harbour their doubts. Putnam (1993) has extrapolated from a much-contested study of Italian regions into a whole theory of society, including democratic performance and economic growth. Cooke and Morgan (1998) see the new regionalist paradigm as both more economically efficient and socially just than its neo-classical or neo-liberal alternatives. It lends itself to a 'third-way' type of politics between neo-liberalism and social democracy. The left like it because of its criticisms of unbridled capitalism, and the right because it is against big government and social engineering. These claims have in turn sparked a series of repostes, based on (a) the inadequacies of the model, and (b) the dangers of extrapolating from functional economic change to political and institutional restructuring without taking into account politics, culture and the influence of institutions themselves (Pintaris, 1996).

Critics of the model often claim that it generalizes excessively from a few cases, firstly in central Italy, then in southern Germany (Hadjimichaelis and Papamicos, 1991; Ritaine, 1989; Lovering, 1999). They criticize the portrayal of small firms as the salvation of the region. Small firms might be important generators of jobs and innovation but they are very often dependent on the presence of large firms or government. The growth of business services, for example, is often the result of large firms outsourcing these services rather than a form of endogenous development. By no means are all regions characterized by flexible specialization. Indeed, insofar as the model is based on the need to tailor policies to the needs of specific locations and the recognition that there is no 'one best way' to success, one might ask whether there is a model at all (Storper, 1997). Imitation of success stories in other regions is likely to be counter-productive, because the circumstances are different and because the other region has got their first occupying that niche in the international division of production.

It does seem that something is happening here, that the relationship between territory and economic change is changing, but the functionalist explanation that political form follows economic function is no more persuasive here than it is as a theory of European integration. Regions are emerging as a key level of economic change in Europe, but the way they are doing so depends on the balance of social and political forces in each case. The neo-mercantilist strategy seeks to subordinate all

considerations to that of competitive growth, but this is as much a matter of political choice as economic imperative. There are many ways in which regions might react to the demands of economic change and the opening of global markets. Since the region is not a fixed concrete reality but a socially constructed system of action, we need to ask just how it is constructed and what is the balance of social and political forces within it. Even restricting the analysis to the field of economic development, we can see that there is more than one way of adapting to global competition and the response will depend on the balance of forces within the region, or the 'regional development coalition'.

In an earlier work (Keating, 1998) I identified four ideal types of regional development coalition. In the low cost or 'sweatshop' model, the region is a policy-taker, seeking to attract investment through keeping social overheads down, low taxation, lax regulation, low wages and an absence of trade unions. This model, common in the southern states of the USA, is generally disdained in Europe as a form of 'social dumping' and restrained by national and European rules, but it can be discerned nonetheless. A second model, 'bourgeois regionalism' is a high-cost strategy for development, emphasizing heavy investment in infrastructure, technology, training and education in order to stimulate and attract high value-added activities. It is associated with regions which have their own network of indigenous business elites and a favourable position in world markets. The 'social democratic' model is also a high-cost one, but includes labour and social interests in the dominant coalition and emphasizes social spending as well as investment. Finally, the 'nation building' model is primarily political in intent, seeking to enhance territorial autonomy and to incorporate a strong cultural and political dimension. Economic development may be an important goal of nation-builders but, given its ambitious aims, the coalition needs a wide social and political base and cannot pursue growth at the expense of social cohesion. These four types are not exclusive and any given case is likely to show a combination of the elements depending on the local political balance and institutional opportunities. We must, therefore, study politics and institutions in their own right.

The politics of regions

Social and political interests have also changed their focus in response to the new regionalism, but in varying ways. Capital has been consolidating at the European and global levels through mergers and alliances but, given the new importance of territory, business has also become more conscious of the local and regional level. Business interests have

become more or less active members of regional development coalitions across Europe and have favoured institutional reforms to give more focus to regional development and business support. They have not, however, favoured elected regional governments, fearing that these could be used to impose extra regulation or be dominated by labour and social interests. Trade unions have traditionally been rather centralist, looking to the state to provide equality of labour regulation and welfare services and fearing the division of the working-class movement. Since the 1970s, however, there has been a certain trend to decentralization, as unions have become involved in local struggles over plant closures and have rediscovered territory as a basis for social solidarity. Like the social democratic parties, they have refurbished older traditions of localism and, while previously inclined to corporatist arrangements for regional government in which they would be directly represented, now tend to support elected regional governments and the strengthening of local governments. New social movements, especially environmentalists, have been committed to regional and local action in principle and as a level at which they can more easily organize. The result has been a certain shift of regionalism, previously associated over much of Europe with conservatism, towards the progressive or left-wing pole. Social democratic parties have rediscovered localist or regionalist traditions from their past, although these still sit uneasily with their legacy of statism, Jacobinism and centralization.

In stark contrast is a right-wing regionalism found in wealthy regions, complaining about that the need to support their needy compatriots through welfare provision and transfers is hindering their ability to compete in European markets. In the old closed national economy, these transfers would mostly come back to the wealthy regions in the form of orders for their goods, while solidarity was recognized as the price for national unity. In the single European market, these conditions no longer hold and some regionalists prefer to stress the need to compete in broader context. Italy's Lega Nord combines this complaint with a strident xenophobia and populism. In Flanders and Bavaria, regionalists complain about the burden of transfers, although both have been net beneficiaries in the past. The wealthier Spanish autonomous communities complain about the need to support the rest. Elsewhere regionalism has been associated with traditional Christian democracy, which has often played the regionalist card against the centralized secular state, and which can link regionalism to doctrines of subsidiarity.

Some regions have a historic sense of identity, a distinct culture or their own language. The United Kingdom and Spain recognize the existence of distinct nations (UK) or nationalities (Spain) within the state. Such language is impermissible in France, despite the existence of

cultural minorities and movements in Corsica, the Basque Country, Brittany, Occitania and Alsace. In Belgium the language issue has led to the federal division of the state, with two homogeneous language communities in Flanders and Wallonia, a small German community and a bilingual capital region of Brussels. Some cultural groups straddle state boundaries, as in Catalonia and the Basque Country, while in Denmark, Sweden, the United Kingdom, Belgium, the Netherlands and Italy there are minorities that are culturally or politically identified with the population of a neighbouring state. Historic and cultural regions have gained in prominence in recent years and minority nationalist movements have sought to use the new regionalism and European integration as instruments to gain more autonomy without having to set up a separate state.

Data on public opinion are uneven and inconsistent and the different meanings of regionalism across Europe make it difficult to make rigorous comparisons, but some trends are apparent (Keating, 1998). There has been a general convergence of values across territories, largely due to secularization, but at the same time an increasing but highly uneven sense of regional identity. It appears that old regionalism, rooted in tradition, conservative values, defensiveness and ruralism – entrenched in clientelistic networks – is giving way to a new regionalism based on modernization and change and appealing to younger and more upwardly mobile people. Where there are deep or historic sources of identity, as in stateless nations like Scotland or Catalonia, there are strong dual or multiple identities as people learn to operate at different political levels for different purposes. Here, too, territorial identities take on a cultural significance and underpin broader demands for autonomy. Regionalism has also tapped into a more general movement for decentralization, pluralism and participative government, reinforcing its modernizing credentials.

Regional politics thus takes a variety of forms and is linked to a variety of other political movements and demands. There has been a general move away from the integrative regionalisms of the 1960s, which sought to eliminate disparities and disadvantages and equalize social and economic conditions across states, to an autonomist regionalism resting on theories of endogenous development and demands for the decentralization of power. In the past regions stood in a dyadic relationship with the state, exchanging political support for protection against the market and policy concessions. With the state's ability to manage its spatial economy now reduced, regions are faced more directly with the global and European market. In the past they were integrated into states in a national division of labour; now they are in competition in wider markets. This in turn has affected the politics of

regions, and interregional disparities may grow as regions are able to compete more or less effectively. Support for anti-disparity and equalization policies has fallen, as wealthier regions see less for themselves in these. So in the past, territorial redistribution could be supported by wealthy regions as the price for maintaining national markets and in the knowledge that many of the transfers would come back in the form of orders for their goods. Now that access not just to national but to global markets is secure, unity is less vital, and there is no guarantee that transfers will come back rather than being spent elsewhere. It is not surprising, then, that in Germany, Italy, Spain, Belgium and the United Kingdom, increasing complaints are heard from wealthy regions about the cost of supporting their poorer compatriots. Within regions, the emphasis is increasingly on competitiveness as a zero-sum game, biasing the policy agenda to development policies and away from social integration. This neo-mercantilist logic may partly be the result of inescapable facts, but one has to see it also as a political strategy on the part of certain elites within the region to play the competitiveness card in internal political arguments.

Regional institutions

Over recent decades, all the large Western European states and some of the smaller ones have established a meso- or intermediate level of government between the state and the municipal level, but it takes very different forms depending on the motives behind its establishment. One motive is functional efficiency, the desire to establish mechanisms for decision-making and coordination corresponding to the emerging functional systems, notably in relation to economic development. In the 1960s and 1970 the leitmotiv was regional planning and integration. Nowadays the emphasis is on the promotion of endogenous development and entrepreneurship. Training and active labour market policy has increasingly been devolved to regional levels and linked both to education and to economic development. Another function that has been widely regionalized is health planning and administration. Governments have also been accused of offloading the more burdensome or politically unprofitable tasks, especially in the allocation of scarce resources, to lower levels. The other motive for establishing regional government is more political, the need to respond to pressures from the ground level, notably in the case of multinational states or those with strong cultural minorities. Regionalization may also be a response to pressures for state reform and democratization more generally, as in the establishment of the German federal state after the war, or

the persistent but inconclusive debates about federalization or devolution in Italy.

The weakest form of regionalization is functional decentralization, in which regional institutions, sometimes indirectly elected or corporatist, perform specific tasks. This is essentially the case in France, where the principal task of the regions is in planning and programming of investments in cooperation with central and local governments. Since they were directly elected in 1986 they have been more politicized, but without becoming a main focus of political debate and interest. Much the same can be said of Italian regions whose administration and budgets are dominated by the health service, although they have been directly elected since 1970. Functional regionalism has been reintroduced to England with the Regional Development Agencies and nominated chambers to shadow them, although in some regions there are pressures to move beyond this to elected regional government. The functional model has also generally been adopted in those countries that have introduced regions at the behest of the European Commission (see below).

A stronger form is devolution where the state entrusts regions with broad political and administrative responsibilities but stopping short of federation, which would make them full partners under the constitution. Devolution best describes the Spanish system of autonomous communities, although these do have a degree of constitutional protection, and the Belgian regions and communities before the reforms of 1993. Since 1998–99, devolved governments have existed in Scotland, Wales and Northern Ireland, with widely differing powers and roles. Although the UK government insists that parliamentary sovereignty is unaffected and that devolution could be suspended at any time, the fact that the three assemblies were endorsed by referendum would make it politically very difficult for Westminster to recover its powers. Since the late 1990s there has been a lot of debate in Italy about devolution as a way of reconciling the unitary state with the pressures for radical reform or federalization. One feature of devolution is that, with the centre maintaining at least a theoretical hold over the whole state, it is easier for it to contemplate asymmetrical arrangements. The United Kingdom, Spain and Italy all allow special status for individual regions, as to a lesser degree does France in the case of Corsica and Alsace. Proposals for further asymmetrical devolution in Spain, however, are controversial and in France are extremely so, as reaction to the proposals for further devolution to Corsica have shown.

The strongest form of regional government is federalism, in which the division of powers is constitutionally entrenched, so limiting the scope of the central government and parliament. Germany and Austria have

had federal systems of government since their return to democracy after the war, while Belgium has been a federal state since 1993. Germany and Austria are divided in a symmetrical way into Länder while Belgium, because of the complexity of its problems, has a complicated system of dual federalism. To manage the linguistic-ethnic question there are three language communities, the Flemish, the French and the German which handle education and personal services. To deal with regional matters there are three territorial regions, Flanders, Wallonia and Brussels, handling economic and physical development. In practice, the Flemish region and community have merged but, because of the issue of Brussels, this has not been possible for the French and Walloon governments. A feature of Europe's three federal systems is that not only do the regions have a measure of autonomous government, but they are also represented in central decision-making through second chambers of parliament. The absence of such representation has been a source of some controversy in Spain and the United Kingdom.

Another form of regional government merges with the municipal category; this is the urban metropolitan region or city region. In several countries, it is not the large provincial-level region but the city that has emerged as the motor of change and most functionally relevant unit. In others there is a competition between city and regional elites to occupy the policy space in economic development and establish themselves as the nodes of decision-making networks. In France, the cities have generally gained more from decentralization than the regions, and this may also prove true in Italy where the direct election of the mayors in the 1990s allowed them to enhance their political standing while discussions on reforming the regions meandered without end. Metropolitan city regions were in vogue in the 1960s and 1970s as a way of improving planning and service provision and bringing together city centres and their hinterlands, but the movement petered out in the 1980s as a result of political opposition and disenchantment with big government. From the late 1990s the issue came back on the agenda but, given the political difficulty of reforming local government structures, this has taken the form of encouragement to voluntary cooperation among municipalities, as in France, Italy or Spain, or of weak metropolitan government as in the arrangements for London after 2000.

Regions and European integration

European integration has transformed the regional question in Europe in both its economic and its political aspects (Jones and Keating, 1995).

Economically it has favoured the 'new regionalism', with regions competing for advantage in the single market, and with a new pattern of winners and losers. At one time these disparities were portrayed as a centre-periphery question, with the 'golden triangle' drawing in resources at the expense of the outer areas. In the 1980s, some French economists replaced this with the image of the 'blue banana', a belt of developed regions from northern Italy through Flanders to southern England, which curiously reflected not only the trading routes of the early modern era, but also the 'shatter belt' of culturally distinct regions which scholars have discerned between the German and Latin cultural areas. Other analysts have pointed to more complex patterns of disparity, within as well as between regions, preferring the image of the mosaic. At one time, peripheral regions adversely affected by market integration tended to be disproportionately opposed to the European project, fearing increased economic and political marginalization. This is still true in Scandinavia, but elsewhere peripheral regions have changed tack and now seek to engage in the European political venture, encouraged by the Structural Funds, and are often among the most enthusiastic Europeans. Indeed the need to organize themselves for European economic competition and to influence European policy has been a factor in stimulating regional consciousness and mobilization itself.

A more directly political effect concerns the distribution of powers within states. Since it is states that are represented in the Council of Ministers, the increased scope of European policies has allowed national governments, acting on the principle that European affairs are foreign policy and therefore their exclusive responsibility, to negotiate on matters such as agriculture, training or the environment, which are constitutionally devolved to the regions. As early as the 1960s, the German Länder, sought to match European integration with a greater role for themselves in Germany's European strategy. In the Treaty on European Union (Maastricht) they obtained a clause allowing regions, where these have autonomous governments with a ministerial structure, to represent their states in the Council of Ministers. Thus far this clause has been used in Germany, Austria and Belgium, while Scottish and Welsh ministers have participated in UK delegations. There is no constitutional or legal obstacle to its being extended to Spain, but political difficulties have so far prevented it. It has also featured in proposals for constitutional reform in Italy. The Maastricht Treaty also established a Committee of the Regions with rights of consultation with the Council, the Commission and later the European Parliament on matters of regional concern. It has become a regular part of the EU machinery but the differences of interests among regions and its purely consultative

status has limited its real power. Maastricht was the high point of the 'Europe of the Regions' movement in which regions sought recognition as a 'third level' of European government. In the negotiations for the Amsterdam Treaty they sought a further extension of their role, including the right to go to the European Court to uphold the principle of subsidiarity, but achieved little. Regions have also been active lobbyists in Brussels and over 200 have established a presence there in the form of delegations of permanent offices.

Regions have also been implicated in the EU's own spatial anti-disparity policy. This started in 1975 after the accession of the United Kingdom with a double logic (Hooghe and Keating, 1994). It was intended to counteract the adverse effects on regions of market integration; and to compensate the UK for the fact that it was a net contributor to the budget. This policy logic and intergovernmental logic have long been in tension and until 1988 the latter prevailed. Funds dispensed under the European Regional Development Fund (ERDF) were received by national governments, which regarded them as compensation for their own national regional policies rather than passing the money on to the regions. In 1988, however, a major reform doubled the size of the funds, grouped the ERDF with the European Social Fund and the Guidance section of the Agriculture Fund into the Structural Funds instrument, and sought to make this into an instrument of genuine European policy rather than a mere intergovernmental compensation mechanism. European-wide criteria and a single European map of eligible areas were established, regions were to be involved in the management of the funds in partnership with the Commission and national governments, and the principle of additionality was to ensure that the money was passed on to the regions. Although regions and the Commission shared the objective of partnership and of reducing the role of national governments, they were not entirely successful and the funds remained an object of contention. Further reforms in 1993 and 1999 simplified procedures and strengthened the hand of national governments. Nonetheless, the Structural Funds have had an impact on regional mobilization, and brought discussions of Europe to the centre of debate within regions (Hooghe, 1996). They have also forced governments in states without a regional tier to establish some form of regional administration and planning. Even the candidate countries of central and eastern Europe are being pressed to set up regional government in order to qualify for and to manage the Structural Funds. EU initiatives have also been important in stimulating cross-border cooperation and the emergence of regions covering more than one state, although so far such regions have not taken on a political life of their own (Balme, 1996).

Understanding change

One distinct feature of the new regionalism is that it is no longer contained by the nation state on any of its dimensions. Rather than serving complementary functions in a national division of labour, regions compete in global and European markets. Cultural and historic regions cross state frontiers, and regional leaders seek political support, economic resources and cultural sustenance outside state boundaries through an emerging para-diplomacy and strategic alliances with other territorial actors. European policies penetrate national space, bringing regions into contact with each other and the Commission so that state territories are simultaneously Europeanized and regionalized. This is a complex political order, comparable, although not identical to, the pre-state European order of overlapping and underlapping sovereignties, different types of authority in the state, the economy and civil society, and competing forms of legitimacy. Despite loose talk of a neo-medievalism, or analogies with the Holy Roman Empire, however, it is distinctly modern in that it coexists with universal norms of liberal democracy. Political scientists, seeking to make sense of it, have come up with a plethora of new concepts and neologisms, none of which quite fits the bill.

Perhaps the most widespread notion in contemporary analysis is that of 'governance'. This is a broad term for which at least six different meanings have been identified, but the basic idea is that government, identified with the traditional hierarchical state form, has given way to a world of diffused authority in which the boundaries between public and private are blurred. Hierarchy gives way to networks of horizontal and vertical cooperation across the whole gamut of organizations in the public sphere, including governments at all levels, private firms, and associations. Applied to local and regional restructuring, this takes the form of 'multilevel governance' (Marks, 1993) in which the state shares power with emerging bodies above and below it as well as with the institutions of market and civil society. There are a number of problems with this concept. In the first place, it relies heavily on a mythical view of a past in which authority was monopolized by a centralized state which, in turn, was the only actor in the international system. At best this describes an aspiration of European states from the mid-nineteenth century until the late twentieth century, not the historical experience of European space. Even in the archetypal centralized hierarchical state, France, researchers for over 30 years have emphasized the complex dispersal of power and the need for continuous negotiation. Students of federalism, especially in Germany, have long recognized the interdependence of tiers of government and the complex

patterns of cooperation and competition that this produces. In the minority nations of Europe the legitimacy of the state has always been seen as somewhat conditional and resting on a range of explicit and implicit concessions. In other words, there is nothing new about territorial politics.

Another problem with multilevel governance is its high level of generality and abstraction. A concept, to be useful in making sense of a changing world, must be operationalizable, and theories must be testable and should help to explain things we would otherwise not understand. Multilevel governance has been criticized as non-operationalizable or testable. It is never clear, in fact, whether it is meant to be an operational theory, a descriptive metaphor, or a general comment on the state of the world. It does not seem to be possible to contrast instances of multilevel governance with instances where it is absent, or to calibrate degrees of multilevel governance. If multilevel governance is everything, then perhaps it is nothing – or maybe no more than a descriptive metaphor. The concept is loosely pluralistic in its emphasis on the dispersal of authority, and like so much pluralist theory suffers from a severe level-of-analysis problem. At some level of analysis every social phenomenon is plural, since we can go on disaggregating until we come down to the level of the individual. This is very easy since the state, the region, Europe, social class or gender are no more than abstract concepts.

It is more difficult, but nonetheless essential, to choose appropriate levels of reaggregation. This is the work of theory. Theories of governance, which have their origins in organization theory, tend to take the organization as the unit of analysis. This in turn has a number of effects. It fillets out of the analysis other social aggregates like class, gender or residential location, which undergird much of the struggle over power and resources in society. This in turn confirms the pluralist analysis since organizations are easily disaggregated and pluralistic theory becomes self-confirming. Eventually, disaggregation takes us down to the individual actor, yet theories of social action built purely from an individual basis are notoriously unreliable. So pluralism, and multilevel governance with it, becomes no more than an artefact of methodology: if you look for it anywhere at all, you will find it. It is also a fundamentally conservative concept since in its effort at mirroring the emerging order it fails to question its normative bias or to provide normative concepts able to sustain a critique.

The alternative approach is that of 'territorial politics'. This starts from the importance of territory as the essential element in regionalism and to see how regions are built as systems of social regulation and then, in some cases, constitute themselves as actors within the state and

transnational order (Keating, 1997). This allows us to avoid the twin perils of defining regions out of existence on the grounds that they are so different, and of reifying them. Regions are territorial spaces with more or less defined and known boundaries. They may be economic spaces of which there are two recognized types; regions dominated by a single sector, and regions in which different sectors complement each other to make up a production system. Some may have their own culture, language and sense of identity. They may be political spaces, with their own media, sustaining a public debate in which issues are appraised for their territorial impact. There may be regionally-based interest groups and a territorial policy community. Finally, regions may be more or less institutionalized and autonomous. It is the coincidence of these diverse meanings of the region that determines the strength of regionalism and its nature. There are cases, such as the French or Italian regions, of administrative bodies with a degree of autonomy and powers, but which do not correspond to political spaces or to the new patterns of economic dynamism (Bagnasco and Uberti, 1997). Until 1999, Scotland was a political space, but without its own autonomous institutions. There are also cultural and linguistic regions, like Catalonia or the Basque Country, that span state boundaries. In France this disjuncture may not be accidental – critics allege that the boundaries of the regions were drawn up precisely to break up historic regions like Brittany, Normandy or Languedoc and weaken regionalist potential. The territorial politics framework allows us to appreciate the diversity of regionalism without losing sight of the common elements. It allows us to examine the construction of regions and the way in which territory intersects with other social cleavages, and to explore issues of power and influence. It also allows us to post normative questions avoided by the multilevel governance approach, questions about democratic control and accountability, and the classic political question of who gets what.

The key to understanding territorial politics in Europe is its very diversity (Keating and Loughlin, 1997). There are stateless nations, cultural regions, economic regions, city regions and provinces. Regions are not about to replace states as the primary instrument of social regulation in Europe, but alongside states they are finding their own place in the emerging continental order. As Europe integrates more closely and states surrender more powers of regulation to the European Union (or choose to exercise these powers jointly as some would put it), they will further lose their ability to regulate their own spatial economies. Regional actors will in consequence have an incentive to organize themselves for economic and political competition in Europe as well as within the state. Some will prove better at this than

others, having a better market position and a greater capacity for organization. This is likely to increase interregional inequalities, especially after the enlargement to include poorer regions to the east. This can only accentuate interregional competition and diversity among regions.

PART IV

Resilience: Can States Respond to New Challenges and Demands?