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Territorial Politics in Europe. A Zero-Sum Game?

Urban Governance in Europe:  
How Does Globalisation Matter?

PATRICK LE GALÈS

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**Le Galès: *Territorial Politics in Europe - A Zero-Sum Game?*  
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**EUROPEAN UNIVERSITY INSTITUTE, FLORENCE**

**ROBERT SCHUMAN CENTRE**

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How Does Globalisation Matter?***

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**CEVIPOF (Sciences-Po-CNRS)**

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## Introduction <sup>1</sup>

The creation of the Single market and now the EMU are likely to reinforce market logic and this has important consequences for cities and regions all over Europe. In that sense, the current phase of economic integration in Europe appears to reinforce trends of marketisation associated with globalisation. European societies are known to be more institutionalised and more territorialised than in the USA and the outcome of this pressure is unclear. One line of argument (Crouch and Streeck, 1996) suggests that globalisation processes may erode the diversity of capitalism in Europe. Others have suggested that globalisation and European integration (seen as suggested by Philippe Schmitter, as an accelerator of trends) may lead to divergence between on sub-national governments, for instance in cities.

The idea that European integration would bring about a homogenisation of regional wealth levels seems inexact. If there was a relative decrease in the wealth gap during the post-war period, it had not much to do with European integration. All European countries, witnessed a decrease in spatial and social inequalities during this period, but that appears to refer us back to the results of economic growth and redistribution within national welfare states. By contrast, most studies of the late 1980s report either a stagnation or an increase in spatial inequalities. Territorial development issues are complicated and real effects in terms of economic development at inequalities are uncertain. Economic and monetary integration was realised according to a predominantly liberal logic which favours the free movement of capital. The emphasis on economic competition and the competitiveness of national, regional or local economies risks to increase sub-regional and inter-regional, social and spatial inequalities significantly, and this while states may not be able or wish to react. New forms of spatial and social marginalities are developing in Europe. This contradiction between the effects of the large European market and the desirable vision of economic homogenisation within European territory could have led to social cohesion policies, but only solid bureaucratic optimism could forecast significant short or medium term effects. To the present form, these policies will not be capable to counterbalance the effects of increased competition, which will reinforce the most powerful economic zones in Europe and a few other regions or cities (Amin, 1992). Given the considerable initial wealth gaps, numerous

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<sup>1</sup> At the time of writing, the author was Jean Monnet Fellow at the Robert Schuman Centre, European University Institute, Florence. Part 3 of the paper relies upon some work developed in common with Alan Harding whom I want to thank. The paper was first presented to the RSC workshop "Territorial Politics, a zero-sum Game?" in April, 1997. I want to thank Yves Mény for his support.



European regions are justifiably worried (Eskelinen and Snickars, 1995; even though some, despite unfavourable conditions, manage to enjoy economic growth (Rhodes, 1995).

The completion of the EMU project renders developments even more problematic. Some economists anticipate a vast restructuring process, reinforcing the continued accumulation of wealth and wealth creation in the major cities in the centre of Europe at the expense of most peripheries. But the outcome is uncertain. Nobody knows whether the European economic space will ever become as specialised as the American one. The paper is a contribution to the analysis of territorial restructuring in Europe seen from the cities. It suggests first a framework of analysis for a new political economy of European cities. It then examines the impact of the development of market logic, and particularly the impact of competition on urban governance. The paper does not support a causal view between globalisation processes and changing urban governance. Rather, it describes a changing set of structure of opportunities and constraints for some groups and coalitions within cities.

## I. "The Fading Charm of European Cities?"<sup>2</sup>

### *A new political economy of cities*

In his trilogy *The information age: economy, society and culture*, M.Castells provides an interesting, provocative, prophetic view of the world. In the information age he pictures, European cities are being restructured with their distinct heritage along lines rather similar to those emerging in the American context. In major metropolitan areas:

"The business centre is, as in America, the economic engine of the city, networked in the global economy. The business center is made up of an infrastructure of telecommunications, communications, advanced services, and office space, based upon technology-generating centers and institutional educations. It thrives upon information processing and control functions. It is usually complemented by tourism and travel facilities. It is a node of the inter-metropolitan network...The new managerial-technocratic-political elite does create exclusive spaces, as segregated from the city at large as the bourgeois quarters of the industrial society" (Castells, 1996, p. 401).

Within that sort of framework

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<sup>2</sup> Manuel Castells, *The rise of the network society*, Oxford, Blackwell, 1996, p.401.

"The new global economy and the emerging informational society have indeed a new spatial form, which develops in a variety of social and geographical contexts: the megacities...they are the nodes of the global economy, concentrating the directional productive, and managerial upper functions all over the planet; the control of media; the rela politics of power; and the symbolic capacity to create and diffuse messages" (Castells, p. 403).

With one or two exception, European cities are not part of this network of megacities, which is structuring the new society.

The first point to be made in this paper is that European cities are not simply a nostalgic remnant of the past which disappeared two centuries ago when cities became absorbed into nation-states and the building of national societies. Nowadays, the explosion of information technology and telecommunications and the process of globalisation appear to invalidate standard individual representations of space and time. They appear to lead to the dissolution of cities and the creation of mega-cities. The European concept of city may very well have last powers.

The effects of globalisation, metropolisation and of technological transformation should be subject to serious scrutiny. To put it clearly, attention to Shangai, Rio, Los Angeles and Bombay tends to overlook the fact that in certain highly urbanised parts of the world, "megapoles" have only limited significance in the urban landscape.

In a joint paper, A. Bagnasco and I (1997) have suggested a programme of study applied primarily to European cities. The study reconsiders questions foreshadowed by Max Weber, and contributes to a new comparative political economy of European cities that takes into account transformation in European society. European cities are analysed both as political and social actors and as local societies, hence not as metropolis, but as cities. It is in this way that the term "city" is to be understood. It must also be clear that it is not our intention to defend a conservative and close view of cities. Evidence suggest various phenomenon of dispersion which make difficult the limits of cities...but so always and not so often in Europe. Limits are moving but the core is often essential although there are also exceptions for instance networks of small in middle size cities in the north of Italy. At the very least, the conception of the city must be opened but it still makes sense in most European cities.

Contrary to different traditions in urban research (the Chicago school of urban ecology, Simmel, the marxist tradition), Weber considers cities within his general analysis of the origins of institutions of modern society. His view is that the city is a complete society conceived along with the state as an ideal model in



outline or as the Greek *polis*. Weber conceives of cities as social structures, as a site where groups and interests are represented and aggregated. This dimension remains important for European cities in our attempt to present a comparative study of the new urban reality in Europe that moves beyond focus on larger metropolises. As a result of economic globalisation, cities are now subject to significant centrifugal tendencies. Yet, in spite of everything, cities remain, to some extent, tiers of political and social organisation. Two fields of analysis become apparent: urban integration and urban governance. The first touches on the conditions that enable cities to remain at the core of economic and social relations which are given stability by actors who respond to and influence each other's actions. Thus cities are localised societies that show a diversity of structure. The second has to do with the ability to internally regulate the interplay of interests - as a contributing factor towards integration - and to reconcile them in view of their representation externally, thus implying that cities, at least to a certain extent, constitute unitary actors.

Following Weber, a "new" political economy of cities attempts to analyse cities by reference to their economy, their culture and their politics, which are consistently (in relative terms) and specifically interconnected. In regard particularly to politics, According to Weber, the ideal-typical city is autonomous from external authorities, has its own policies and its own constitution, and represents before the outside world interests of its citizens. But this ideal type is rarely realised in reality and according to Weber, it only happened in "certain historical interludes". History does not repeat itself and the re-emergence of city states is not anticipated. It is, however, not so unlikely that with the problems facing national states and the crisis in international relations and the construction of Europe, a new era may offer some political space to cities.

### *European cities ?*

If we follow that line of argument, the economic competition logic between cities within a single market is likely to have far-reaching consequences for the European urban system, including the continuing concentration and specialisation of some cities, the accentuated decline of cities and regions and a more volatile urban system as in the USA. Some economists, including P.Krugman, are expecting a vast restructuring process as specialisation within each country will pave the way for one or two specialised urban areas for each sectors. Competition between cities may be fierce.

To some extent, a similar argument is used for the impact of EMU. The uncertain future of the diversity of capitalism in Europe is related to the impact of globalisation on liberalisation (Crouch and Streeck, 1996). However, if we do not

accept the "one best way thesis" it may well be the case that more institutionalised and territorialised economies and social structure will not just fade away. New forms of collective regulations, an original model (or models) of European governance may be invented.

To sustain this argument for cities requires first to examine European cities and the urban system in order to underline "*la longue durée*" of European cities.

The existence of a distinctive category of "European city" calls for some clarification. So, any attempt characterise the European city is a risky exercise. Urban structures throughout Europe shows the influence of national states. In what follows the European city will be defined essentially in contrast to American cities. A number of features are singled out: pattern and age, characteristics of the European urban system, town planning, social structure, membership of the European Union.

The European city - in its most simple version, at least- has been described by generations of geographers and historians. Unlike American cities which are organised around a geometrical plan, the "grid", European cities feature high density building around a centre, administrative and public buildings, churches, squares and open spaces, areas for commerce, trade and development that radiates out from this centre. Benevolo (1993, 60-3) observes major innovations which have remained from the medieval European city (for instance, the street, public space with which the inhabitants can identify) and the highly compact model of the European city by contrast with the horizontal model of the American city.

Their age and the relative stability of the urban system (meta stability) constitute the second distinctive element in European cities. The majority of European cities were created and were developed roughly during the first wave of urbanisation in Europe between the tenth and fourteenth centuries (Hohenberg and Lees, 1992). These cities of the first period of capitalism have in the main survived and still constitute the framework of the urban system in Europe. The industrial Revolution led to a second major wave of urbanisation across the map of Europe, but its effects were limited except in Britain, Germany and Belgium. The similarity of European cities is borne out by the fact that overall, in spite of time-lags and variations between one country and another, the major waves of urbanisation were broadly similar. The hierarchy has changed of course due to political events but the European urban system demonstrates over time a remarkable meta stability (Cattan and al.1993). And here, Europe stands in contrast with the USA. Cattan and Al. note that, although movement away from the centre and suburban development became characteristic of most cities in



Europe by the 1950's, largely as a result of car ownership, to that extent echoing suburbanisation in America, there are three qualifications: this was only really significant in the case of larger cities; its impact was no more than partial in drawing populations away from the centre, whose dominance remained (true also in the cases of Paris or London); and financial and political reinvestment in historical city centres in most cases insured their survival.

2 The stability of the urban system in Europe is reproduced in the relative stability of their classification in order of importance. The larger medieval cities were frequently best able to absorb technological innovation, economic development and new forms of political organisation. They were able to diversify their operations and achieve growth which, in spite of reverse, was relatively sustained. However, the current information and communication revolution may radically transform the classical notion of cities. The area and degree of flow constitutes a destabilising force in this respect. In the short and medium term, the larger and medium-sized cities are in the best position to profit from current economic and technological change, hence to buttress their positions. The pattern of European cities has developed over centuries. Radical changes may well occur (Graham and Marvin, 1996) as the pace of change accelerates but all this will take a long time to carry through. "As with any highly complex and dynamic impetus, the effect of the initial set of conditions is the deciding factor" (Cattan and al., 1994, 34).

These structural effects are reinforced by a distributive effect. A whole area of urban research over recent years has taken shape round the notion of global cities and of the determining role of visible and invisible flows and new inequalities. Yet, without doubting the existence of a rationale of globalisation - major networks, fragmentation and competition between cities, it is possible to argue that a model that is a mix of "global city", "information city", "entrepreneurial post-fordist city" and "dual city" (to take up important recent studies by Harvey, Castells and Mollenkopf, Hall, Sassen, Harloe Gordon and Fainstein) would give an inadequate account of the reality of European cities and of their transformation.

Most of those studies were carried out primarily on the basis of large cities, metropolises. But a fundamental characteristic of Europe is that there are far fewer such metropolises than in the USA. London and Paris fall into the category of such global cities and they are also the ones most subject to international competition in terms of economic development, while other European cities are conspicuously absent. Further, it should be pointed out that London and Paris are not Los Angeles or Djakarta (nor is New York in that respect), that concentration of activity in the vicinity of the centre still has meaning and that

movement away from the centre goes hand in hand with movement back towards the centre.

The larger conurbation area such as the Ruhr, Randstad, Rome, Berlin or Milan are mainly organised around cities. Based on extensive data on European and world cities, Cattan and al. draw attention to what distinguishes Europe. With a degree of urbanisation comparable to that of Japan and the USA, Europe is characterised by a very large number of cities and their marked closeness to one another. In particular, Europe is distinguished by the relatively large number of urban areas of between 100.000 and one or two million.

This factor is clearly important in analysing European cities, one to be accounted in by the fact that they predate the development of transport. The core of Europe's urban system is constituted by medium and fairly large-sized cities which are fairly close to one another and by a few metropolis, whereas the urban system in America is by and large a matter of huge metropolises which are relatively distant from one another.

### *Political and social structures*

European cities are further distinct by virtue of their different political and social structures. However, the ground here is trickier insofar as most European societies are firstly national societies shaped in the matrix of the nation-state. And for all that, the nation-state has now a less central, formative role, it continues to exercise influence. Even so, there are similarities among European cities which set them apart from the USA. In the first place, population mobility is considerably lower Europe. The relative low mobility among Europeans is essentially a factor of stability and continuity, favouring the constitution of social groups and public actions in cities. Secondly, American society remains a society of mass immigration whereas immigration into Europe is by comparison low or moderate. Thirdly, in all European countries central government has played a far greater role than in the USA. The proportion of government spending GDP is on average about twenty points higher in Europe. The impact of the state, and particularly the welfare state, has had a considerable effect on education, the reduction of inequalities and the structure of employment (Therborn, 1995, Esping-Andersen, 1993). Until recently, while contributing to the development and stability of capitalism, government also provided a defence against market forces. In most continental European cities, public employment represents between a quarter and a good third of employment. If one adds to this the fact that services to consumers often count for roughly one third of employment and that the redistribution of financial resources rarely leaves urban local authorities totally dependent on market forces, there is a further structural element providing



European cities with relative stability in the face of change. Again at the risk of a too hasty generalisation, it is worth remarking that European cities have larger middle- and lower middle class element in the public sector (slightly lower in Britain and in Southern Europe) and this has played a significant part in urban politics in Europe over the last twenty years.

Similarly, European cities are distinguished by the existence of public services and infrastructure and by a tradition of urban planning, a close link pertaining here with public policies pursued at national level. As always there are considerable variations between countries for example with respect to housing for instance (Harloe, 1995). Hence the level of analysis needs to be defined precisely. A comparison of public services, infrastructure and planning at the urban level generally points to differences between Scandinavian countries, southern Europe and Britain. And one has to accept a greater degree of generality and abstraction and make use of the contrast with major cities in the US before being able to identify common features. In the first place, there is the evidence of urban planning in more or less all European countries: city centre renewal on the model of Haussmann, ring roads, the new towns of the fifties and sixties (though not so much in Southern Europe), local housing, renovation of historical parts of the city, public transport, the upkeep of parks and open spaces, industrial estates on the outskirts and pedestrian and commercial precincts with the start of the 1970's (Burtenshaw, Bateman & Ashworth, 1991, Newman and Thornley, 1996). Such planning reveals forms of public interventionism to counter market forces that are more infrequent in American cities. However, like in the US, there has also been the growth of shopping malls and centres at the city's edge.

Secondly, more than in the USA, infrastructures, facilities, utilities have taken public or quasi-public forms in cities, revealing an extensive conception of the public sphere. Even if cities appear to lend themselves particularly to virtual interaction, their physical investment grows over the centuries, though vestiges of the past are clearly present. Infrastructural development, and water, transport and energy networks gave the nineteenth century a strongly marked industrial stamp. Public utilities -water, electricity, postal transport and refuse services- were at the heart of the municipality in Europe. Indeed, one may well see them, along with the concern for welfare as a defining mark.

These elements combine to give a fairly robust picture of the European city even if it should not be taken as a given. What makes it specific - the preponderance of medium to medium-large cities. This opens the way to a more structural view of European cities (Bagnasco, Le Galès, 1997) and the way they act as a level of aggregation of interests to act as some pseudo collective actor within the European space.



## II. Economic Competition among European Cities

Of course competition is nothing new among cities in Europe, one should only remember the days of city states rivalries and the endless wars in Italy to accumulate wealth and power or eternal rivalries between Madrid and Barcelona, Bradford and Leeds, Utrecht and Amsterdam, Toulouse and Bordeaux. However, until the mid-1970's, in Western Europe, these rivalries were mainly regulated through the state, for instance through regional policy.

The accelerated rhythm of new capitalism- relying so much upon the market so as to modify productive systems and shorten the return on investment-works to the advantage of some forms of production at the cost of others. It favours financial operations rather than industrial production, the economics of non-material assets over the production of material goods. More comprehensively, the current economic period unlike the past is characterised more by mobility than by organisational stability. The different institutional models also have spatial implications. The rich urban and regional tradition of the greater part of western Europe has in the past been an important factor in shaping national models of capitalism, certainly more so than tradition has been willing to recognise. In many instances economics was embedded in an urban and regional society.

If some cities remained by and large local societies, others lost their structure and have long been subject to national and international solutions. The globalisation of trade and monetary flows implies that their economies are no longer integrated into a national economy. Economic globalisation signifies the increasing mobility of capital, hence to a degree the possibility of breaking free of spatial constraints. Paradoxically, this goes along with an increased awareness of territory, of cities in particular, as potential contexts for investment and for living. This signifies a new phase in the development of capitalism. The process of creative destruction involves de-industrialising cities and industrialising or re-industrialising other areas (Harvey, 1989). And the competition between cities expresses the decline of state regulation and the fact that cities (in the sense of governing coalitions) are endeavouring to situate themselves, to a certain extent, in the context of such competition (Cheshire and Gordon, 1995).

David Harvey, has particularly highlighted the logic of interurban competition in a global economy (Harvey, 1985, chapter 6 ; 1989). Economic globalisation means increased mobility of capital and the ability for capitalists, to a certain extent, to overcome spatial constraints. Paradoxically, this goes hand in

hand with an increased sensitivity to territory, especially in the form of cities as possible sites for investment and living. This marks a new phase in the development of capitalism, in which the latter takes the advantage over national states, and allows the process of creative destruction through the de-industrialisation of cities and regions to take place. Within this framework, competition between urban regions reflects the decline in state regulation. Cities - or, more accurately, the governing coalitions which form within them and on their behalf - are attempting to position themselves: in the context of the international division of labour, especially in terms of social relations and organisation of town planning; as consumption centres, which means developing prestige, status, culture to attract visitors and tourists, and: as competitors for transnational company command centres, prestigious public bureaux or other forms of public and private investment.

Competition centres on the control over scarce resources: middle classes and firms. Competition between cities has led to a rapid movement of imitation/distinction among urban local authorities. The following actions are for instance initiated in many cities: major projects, development of strategic planning, creation of a science park, development of cultural prestigious events and spectacles (culture now accounts for 15% of municipal budgets in cities), marketing policy, modern collective transport system (metro or tramway), flagship projects with prestigious international architects, new high tech office centres, new prestigious public buildings such as railway stations, research centres, operas and theatres, new museums, exhibition centres.

According to Harvey, cities' bids to be distinctive result, paradoxically, in the same projects being seen everywhere. Harvey insists on the capitalist logic of the "discipline" exerted by interurban competition, since this leads to a transfer of public money towards the support of companies and executives, to setting up "a business-friendly environment" that excludes excessive taxation, restricts unions, strikes and causes social problems. In a viewpoint closer to Weberian and public choice approaches, Paul Peterson (1981) heads in the same direction. For him, American urban governments depend on private companies for their resources, the value of land and real estate, jobs, and economic development in the broad sense of the term. The higher interest of cities demands that they improve their position on the prestige scale, the wealth scale and the political weight scale in interurban competition. These two visions, the one Marxist, the other public choice share the argument that city politics hardly matters. For one, the transition to urban entrepreneurialism reflects the logic of the broader economic system. For the other, growth-oriented government is the result of the freedom of movement of capital and labour on the one hand and the particular structures of US



governance on the other. In both cases, cities are assumed to have little space for manoeuvre.

The spread of local authorities' programmes and policies (especially urban ones) to favour economic development is both praised or derided. What matters more is that this mobilisation reveals the strategies and the political choices made by the urban elites in a large number of cities. In other words, there is a role for local politics. Not all changes in local politics can be 'read off' from changes in the global economy or the form and functions of nation states.

How persuasive is the globalisation scenario for cities? It is certainly clear that economic pressure has led to a restructuring of the relationships between states and cities as the state's role in national economic management has become progressively less effective. In the process, local efforts in the field of economic development have grown substantially, become more legitimate, and been associated with distinctive new forms of governance. Before swallowing the globalisation scenario whole, however, let us subject it to greater scrutiny.

Firstly, it has now become axiomatic that the economic globalisation has considerably reduced the national state's room for manoeuvre. Liberalisation, deregulation or privatisation are now features of governance in most European countries. The multiplication of economic and financial flows and the interweaving of transnational companies makes it difficult to speak any longer of 'national economies'. The national states have gradually given up their support of traditional industrial sectors in difficulty, with massive social and economic impact on some industrial cities. This has occurred both in the south of Europe, for example with a liberal government in Portugal, a socialist one in Spain, and in Italy where the Northern Leagues pushed for the end to voluntarist policies in favour of the south. The same pattern has occurred in northern Europe. The British case is probably the best known but France, Sweden and Austria, too, have called into question the policy of the 'stretcher-bearing' state, albeit whilst accepting responsibility for transition costs. The state has therefore lost much of its ability to direct the economy. The market, Europe, and the financial institutions have largely taken its place. That does not mean the state has disappeared: it now focuses on supply side economics, particularly for small and medium-sized companies and also to defend the country's interests and competitiveness.

Secondly, cities have regained an important role as focal points of development (Harding and Le Galès, 1997):

- Global cities or world cities benefit from the concentration for world-wide economic command centres especially the head offices of banks and transnational firms (Knox and Taylor, 1995). As a consequence, the production of certain services (advertising, financial and legal services, leisure) has become monopolised by these cities (for Europe that is Paris, London and to a lesser extent Berlin and Frankfurt) (Sassen, 1992).

- Cities, offer "flexibility guarantees" (Veltz, 1993). To the extent that companies spread their activities over multiple cities the latter's minimise risks and to have access to vast expertise, financial, infrastructure and labour market resources (Scott, 1992 for Los Angeles). This reduces uncertainty margins in the face of the ups and downs of world economic competition which would otherwise multiply the risks companies face.

- Innovative activities and their rapid diffusion take place in cities where one finds both a dense network of research centres and networks of small and medium-sized companies likely to create "innovative environments".

- If the globalisation of the economy occurs through the development of exchanges, networks and flows, then the infrastructures that link the nodes of the network are vital. The economic logic of networks (for transport or information) requires maximal use between the 'key nodes' in order to minimise costly infrastructural investments. Cities have become crucial accumulation centres for industries dependent upon such infrastructure (in the environmental field for example). This logic, which operates beyond the national sphere, leads to greater concentration around the large urban centres.

- Finally, developments in the job market reinforce urban concentration. The double activity of couples and the fact that the top end of the labour market depends on the city has led to a concentration of middle and upper classes (especially within the private sector) in cities.

Consequently, cities are finding a new legitimacy, a role in terms of economic development. The globalisation of flows and exchanges means that their economies are no longer so intrinsically tied up with what happens in the 'national' economy. In other words, certain cities have become privileged places for the accumulation of capital and the production of wealth.

Policy change has not been led from the national level. Urban local authorities have mobilised themselves in favour of economic development since the sixties. When local development policies appeared in the mid-seventies, they were primarily responses to the consequences of the recession, a challenge to the



state's role, and a reflection of the aspirations of key social classes in the 'post 1968' generation. Defending jobs in the face of industrial reorganisations was the most often quoted reason for supporting local and occasionally regional intervention.

In this way, local officials began to negotiate with company directors, banks and others the conditions for public intervention. They experimented with new ways of action, studied the dynamics of local economies and formed networks with economic partners. Finally, they gradually ventured into public intervention which took the shape of indirect aid to companies and the back-purchase of buildings and land. These developments took place particularly in German, British, French, Dutch and Belgian cities especially from the early eighties onwards and later in Italy, Ireland, Portugal and the Scandinavian countries.

The cities' economic development policies took four main directions (Fox-Przeworski, Goddard and De Jong, 1991; Heinelt and Mayer, 1993; Harding 1991; Le Galès, 1993): the defence of jobs and active training policies (employment policies); participation in the development of companies (creation, modernisation, networking, financial support); improvement of the environment to attract companies; and competition to attract investments and privileged social groups (such as executives).

### *Potential winners and losers in terms of social groups*

In most cities, globalisation processes and European integration create new constraints and new opportunities for different kinds of actors.

Marxist or neo-Marxist arguments provide a good point of departure to analyse the differential impact of these two processes. Those in dominant positions (with some high social, cultural and economic capital) will be better placed to take advantage of a new world of opportunity, although that does not imply, however, that social structures and hierarchies will remain unchanged.

Who are these people ? A new international bourgeoisie as suggested by Leslie Sklair (1991)?

First: "*International managerial bourgeoisie*": "*a socially comprehensive category, encompassing the entrepreneurial elite, managers of firms, senior state functionaries, leading politicians, members of the learned professions, ..... plus the media, culture, consumption* (Sklair, 62) Business people first. As Marxist writers keep telling us, globalisation processes are in part driven to satisfy the needs of an expanding capitalism. Firms have more and more markets,



competitors, co-operation in different countries and different cities. Also, services to firms tend to follow the same pattern. Therefore, business elites, and beyond them, a significant part of managers, bankers, consultants of different kind are able to use these new opportunities, although it may also be a constraint for individuals. Sklair and others, suggest this may lead to the creation of a transnational capitalist class. Interesting for us is to look at different processes which might be behind the creation of such a class: firms strategies and human resources management, training (business schools, consultancy business) to develop common techniques and methods, culture and lifestyles from reading the Financial Times to exclusive shops and restaurants.

The argument may be expanded to professionals. Let's start with Merton and sociology. The role and position of individuals in different social structures vary in relations with their competence, expertise, knowledge, revenue, prestige, but also their networks, the groups they belong to. To use another language, various types of capital (social, economic, cultural) and the ways these are accumulated (inheritance, experience) will have different impact in different settings. In his account of Rovere (USA) in the post-war period, Merton drew a line between the local and the cosmopolitan (in *Social theory and social structure*, 1957, chapter 9). In Rovere, Merton identified the local orientation of some individuals in contrast to those who first and foremost saw themselves as part of the global society (ie the American society). The local were more rooted in the locality, more stable, they were more adapted to the local society. Their contact and interactions were more local, had many different personal contacts. Cosmopolitans were more ready to change, to take new opportunities, were more selective in their contacts, were less involved in local associations. Cosmopolitans, as Merton decisively noted, tended to have more expertise, competence, knowledge. Merton in a classic sociological statement, also argued that social mobility is easier when associated with geographic mobility and a personal rooting in the global society.

Globalisation processes suggest a change of scale. Professionals with certain minimum skills (language for instance) have opportunities to work in different contexts. They can participate in more interesting projects, increase revenues, prestige, develop new international contacts, use and accumulate more capital. At the same time, and this is crucial, skills maximise their room of manoeuvre, in terms of strategies and contacts. This new service class in Europe is able to free itself from constraints associated with the rigidities and rootedness of local and national societies. They have opportunities to work and live in many countries or, in their day to day life and interactions, to spend more time with their colleagues and friends in other cities than in their own country and society. Crucial here is the fact they are able to choose one strategy or another at different

points in time, while the large majority of the population is mainly immobile or feels the effects of globalisation more as constraints.

In most cities, there has always been a distinction between locals and cosmopolitans in Mertonian sense, the latter being those who were as much part of national society. In the more centralised countries it was a common strategy to use contacts and resources in the centre to increase one's power or prestige locally. Globalisation processes and the European integration process offer new opportunities for the cosmopolitans. The game is now not only national but also European or international.

Not only business people, but also lawyers, doctors and academics increasingly travel around the world and are able to free themselves from local and national constraints or, more frequently, to play a pivotal role in connecting local groups with international networks and circles. By developing roles of mediation for immobile groups and actors, they may find it easier to maximise their interest: to choose contacts and strategies and to put themselves forward as their expertise is needed when domestic groups, individuals or institutions feel the need to go global as well. They may be able to develop new ideas, innovations, new projects and use the legitimacy of comparison, to push their case and develop their influence as well. Sklair notes that valorising "the global" at the expense of the national or local is part of the strategy of this new international bourgeoisie to develop hegemony.

*Local government, public agencies, regional and local representatives from the State.* There is now much evidence in Europe of the growing impact of the European union on governance (sometimes pictured as multilevel governance (Marks, Hooghe, Blank; 1996). Local government networks, participation to various programmes of the EU, the development of twin agreements, all this has one clear impact: in addition to the more or less 10000 lobbyists in Brussels, political and administrative elites in most countries are now bound to be linked to various European networks or programmes. The progressive move towards European integration is also supported by the mobilisation of local authorities (although uneven), of professional networks, of voluntary sector groups, and of many consultants. Although not exclusively, local elites are particularly aware of the implications of European integration, they are well placed to obtain relevant information and to get appropriate training. Visiting Brussels is gradually becoming a "norm" for these groups. Having close relations with Brussels or having directly worked in Brussels may still be a competitive advantage in terms of career but knowing nothing about Brussels or not having the right contacts /information certainly has become a handicap for local elites.



So, these people tend to become more and more cosmopolitan (to take Merton's distinction) and less local. They may be involved in the creation of coalitions, some may say an hegemonic project of mobilisation in favour of economic competition and the transformation of the environment, including the built environment. This may lead to the development of a new urban oligarchy actively seeking to create an urban coalition to develop international strategies.

### III. Politics, Government and Governance

Ultimately, the tensions associated with competition and globalisation may cause local societies to disintegrate. Such occurrence is not that frequent. Usually internal and external integration find a point of balance in spite of being called into question constantly either with a view to adjusting to economic development or to seeking protection from the damage done on the market. Conversely, the creation and rapid dissemination of innovation occur most often in cities where there is at once a sophisticated research network and networks of small and large firms that are capable of providing an environment for innovation. One key dimension of cities is therefore the extent to which various sorts of social groups and organised interests are brought together in processes of governance. The organisation of cities as actors could also be interpreted as a collective response to the threat of a capitalism that is excessively dependent upon market uncertainties, and more precisely, to the threat linked to a deregulated market.

Urban elites endeavour to establish the city as one collective actor, a social and political actor endowed with autonomy and with strategies. This process involves the attempt to reinforce or create a city's collective identity and consciously promote a local society, the more so since national identity is weakening. Nobody is entirely taken in by the exercise, everyone knows that western societies are ill-fitted to see the emergence of cities as local societies in the medieval sense. Yet this does not preclude a stronger mobilisation of interests, groups and institutions to develop a collective urban strategy in the face of other cities, the state, Europe, or market forces.

In other words, European integration and globalisation open the way for changing forms of urban governance and a reinforced pattern of co-operation and competition between European cities. Increasing economic competition and increased market exposure lead to forms of territorial competition. Private sector actors play a more important role. They may engage in processes of coalition building or contribute to the reinforced fragmentation of some cities and their lack of capacity to structure local societies and resist/adapt to the globalisation trends. In any case, the hypothesis is that among the factors explaining the construction

of an urban governance regime and its political orientation (more or less pro competitive) in European cities, the type and organisation of private actors is among the most prominent one.

Due to the increasing mobilisation for economic development and economic competition, the attention has decisively shifted towards the limits of governmental actors and the role of private sector actors. Examples of public-private partnership in urban projects have spread rapidly in most European countries (Heinz, 1993). Despite some apparent common trend with American cities, this pattern has varied remarkably from country to country, from cities to cities.

### • *Entrepreneurial urban government in Europe<sup>3</sup>?*

From his comparative work on central-local relations in Europe, Michael Goldsmith had identified three types of local government in Europe (Goldsmith, 1993):

- The clientelistic/patronage model in France, Italy, Spain, Greece;
- The economic development model in the UK;
- The welfare state model in Germany, the Netherlands, Scandinavia, pre-Thatcher Britain.

Reading through post-fordist accounts of economic and political restructuring, there is a sense that most European cities are following the economic development model. However, urban local authorities do not simply organise in order facilitate economic competition between cities. It is often stated that local social policies have been subordinated (ie eroded) to economic development. Yet, this paper argues that the maintenance of social cohesion and the fight against increasing social exclusion has also become a priority in many cities. Far from restructuring social policies in order to be economically competitive, many cities try to do both things at the same time and are busy searching for the support of the state or the EU to protect their inhabitants from the rigors of the market. Current models of post-fordist urban politics in Europe are not appropriate for most European cities.

Using regulation theory, and particularly the notion of the transition to "postfordism" (Amin, 1994) in a stimulating and interesting way, Margit Mayer has attempted to identify the features of a "postfordist" entrepreneurial urban government that are applicable to European cities (Mayer, 1992). Bob Jessop has

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<sup>3</sup> This part is forthcoming in A.Harding, P.Le Galès, "Cities and states in Europe", *West European Politics*.



theorised this postfordist transformation of the state as being from the keynesian welfare state to the Schumpeterian workfare state (Jessop, 1994). This new state form is said to concentrate upon two main functions: through supply-side policies, to promote innovation in terms of products, processes, organisation and markets in the globalised economies in order to reinforce the countries' competitiveness, and; the subordination of social policies to the flexibility requirements of the labour market. This obviously calls into question welfare states as we knew them and, for cities, it involves a restructuring of the local forms of welfare state to reinforce economic competitiveness. Following Harvey, Jessop sees in the 'hollowing out of the state' a victory for the market logic over politics. These works on postfordism are nevertheless strongly marked by developments in the United States and Great Britain. The European situation is much more diversified. According to Mayer, this postfordist urban governance would be characterised as follows:

- a mobilisation in favour of economic development;
- restructuring of social policy, of the local welfare state, and privatisation of urban services;
- development of new forms of local politics and urban governance in terms of arrangements and exchanges between public and private players (the famous public-private partnerships in areas of growth), association members, which can make the mobilisation of new social actors and groups possible.

This model does at least fit into the theoretical framework, and it does indicate empirically verifiable transformations. We shall examine the propositions one by one.

#### (a) Mobilisation of cities in favour of economic development

Mobilisation in favour of economic growth in cities varies as much *within* states as *between* them. Thus, in most European countries, capital cities have only slightly mobilised in favour of economic development like Paris, Rome, Madrid, Copenhagen or Dublin. In the last two examples for example, it is the state itself that launched the bulk of economic development policies and programmes, sometimes against the wishes of at least some of the urban political elite (as in Copenhagen). It appears that this mobilisation was more pronounced in the regional capitals, large provincial towns which grasped the opportunity to distance themselves from the central state. This mobilisation is all the more important since the city political elites have financial resources at their disposal, power, political legitimacy, influence on national policies, in other words room to manoeuvre. Thus this mobilisation of cities in favour of economic development has been particularly significant in German, French and Dutch cities (where low



financial autonomy is compensated for by close co-operation between central government and cities), but also in British and Spanish ones. On the other hand, in Ireland and Portugal, two centralised peripheral countries, mobilisation has remained weak.

It was necessary to wait for the DGXVI's large European programmes to see this type of mobilisation develop, encouraged as it then was by the state which was anxious to respect the criteria laid down by Europe for obtaining funding. In Italy, this mobilisation in favour of economic development was impeded by the extreme financial dependence of cities and fragmentation. The remarkable examples of economic development in medium-sized Italian cities like Bergam in Lombardy, the cities of Emilia-Romania or the Venice region generally owe little to city politics. In northern Europe, the weight of urban local authorities in running the welfare state, and the stability of the traditional social-democratic elites have obstructed this mobilisation (as in the case of Swedish cities or in Copenhagen). On the contrary, in France, Great Britain and Germany, the different types of "new urban left", -younger, more educated and less working class- have heightened this evolution, for example in Manchester, Sheffield, Edinburgh, Lisbon, Hamburg, Barcelona, Montpellier, Rennes or Grenoble.

This mobilisation in favour of economic development does indeed come within the framework of competition between cities to attract companies, investment, executive populations, in short, factors of wealth, production and consumption. Even if this logic of competition has apparently become inevitable in the majority of European cities, however, it could hardly be said to be the single, overriding priority. There is a strong contrast, here, with the American situation, with the European system being characterised by a stronger role for the state and lesser reliance by city governments upon the market - through business taxes or local incomes - for their expenditures. Mobilisation takes different shape in different cities - promotion, support for companies, strategic planning, etc. - and it does not exclude, replace, or dominate other types of policy. However, the stricter the financial constraints are, as in Great Britain or Denmark during the eighties, the more brutal are the choices between economic development and social politics forced upon cities from the centre. On the contrary in France, which stands as an exception, the golden financial age of local authorities since 1980 has allowed cities not to have to make such difficult choices.

(b) Restructuring the welfare state to promote economic competitiveness between cities.

This tendency does not appear to us to be verified in most European countries. Of course, decentralisation reforms were carried out in several countries, particularly

with a view to decentralising the regulation of social spending, very much on the increase, for example in France. British cities have also been obliged to make substantial budgetary cuts in education, policy relating to the elderly, youth, support for communities and areas in difficulty, social policies of all types. However, these readjustments were only made under the forceful constraint imposed by central government. This reduction in social spending has, moreover, brought about much conflict between local authorities and central government in the early eighties, a conflict which ended with the victory of the Thatcher government, especially after its third electoral win. These adjustments also caused serious conflicts within the municipalities, especially Labour municipalities which control the majority of cities in Great Britain. In most cases - Britain included - urban governments have done all in their power to retain or increase social spending and protect themselves from budget cuts that affect the welfare state. In Amsterdam, Rotterdam, Copenhagen, Lisbon, Dublin, in the French cities, the leading elites in cities demanded and obtained extra resources from their central governments: low-cost/council housing, schools, day-care centres, hospitals, hostels, social workers, or even certain services for people in difficulty concentrated in cities.

It appears to us that the majority of European city leaders are anxious to protect their populations (and therefore their electors) from the hardships of economic reorganisations and the effects of labour market transformation. It is only when forced by the central government that local authorities implement restrictive policies in the social fields. Although such adjustments are underway in Germany, that can largely be explained by the massive transfers of funds from the Länder of the west to those of the east. These massive transfers have often penalized the big cities, their social politics and their infrastructures.

One can understand the reticence on the part of urban elites to restructure the welfare state at local level. City-dwellers are voters and they are the first to be affected by a reduction in social services, the absence of housing and the closing down of schools or hospitals. In a good many European cities, for example the traditionally social democratic left-wing cities in northern Europe, there are governing coalitions that rely on well structured networks of welfare state professionals, low income clienteles who are dependent on local services, and the unions which help provide them. Even in cities that are not governed by the left, for example in France or in Italy, city elites are often defenders of the local welfare state. Radical political changes in welfare therefore tend to be forced, rather than voluntarist, and to be led - if at all - by the national level.

A nuance may be necessary to complete this observation. European integration will probably contribute to a widening of the gap between the richer



and poorer regions and cities. One could therefore imagine that certain cities would try to play the social dumping card as some American states or cities have done, thereby contributing to maintaining low wages and low taxation to attract companies. The effect of such a strategy is hardly compatible with the development of social services. But this type of strategy is thinkable and may well play a part in the future in Europe's peripheral cities and regions.

(c) From urban government to urban governance

The argument put forward by Mayer here is twofold. On the one hand, we can see a multiplication of the coalitions between public and private players and of non-public forms of management of public services. She takes up the arguments developed to suggest a new urban governance. On the other hand, new urban governance, in which local authority is but one among many players appears to make way for a renewal in local politics and the formation of coalitions with various groups, associations, social movements and a renewal of local elites. These two arguments are examined separately.

We have sought to demonstrate above that this evolution in urban government towards urban governance may have some relevance for France (Lorrain, 1991; Le Galès, 1995) and for Great Britain (Harding, 1993; Stoker, 1995). The argument seems equally valid for some large German and Dutch cities. However, traditional forms of bureaucratic, hierarchical local authorities still seem to be dominant in Portugal; Ireland, Sweden, Norway and Belgium. Public-private partnerships (Heinz, 1994), take on very different shapes and their degree of importance differs considerably. Even in the case of Great Britain, where these partnerships structure policies and often dominate the development politics of urban areas, their importance is a subject of debate. There was a considerable number of partnerships in the cities during the period of growth and real estate speculation in the eighties (Harding, 1991). On the other hand, they disappeared from a good many cities with the recession. These partnerships are likely to become more important as the economic environment supports and favours large-scale prestige urban projects with a real estate thrust. Cities in decline sometimes have great difficulty in setting up partnerships. On the contrary, Barcelona in the eighties had ample freedom to set up such partnerships. The local authorities in Danish and British cities committed themselves in this direction under the influence of neoliberal voluntarism imposed by the central .

These public-private partnerships are encouraged by state ideology, by competition between cities, financial constraints, the politics of the central state and technological development. As far as urban services are concerned for example, Lorrain distinguishes those countries where there is a strong political

plan for local public management as in Germany, Great Britain with its strong political plan for private management and privatization and France with no strong political plan where the dynamics of the system and the strategies of large public service firms have brought about a "silent revolution" of delegated private management for a good many services. Public management is also dominant in the north of Europe and Italy, and in Spain despite strong pressure for change (Lorrain, 1995). In most European cities public or quasi-public structures seem to be emerging, which causes considerable confusion as to the boundaries, objectives and ways of acting publicly and privately. The new forms of horizontal and vertical arrangements of the various interests in cities have been highlighted with the renewal of strategic spatial planning and the modes of co-operation that have been adopted. In Barcelona, Lyon, Rotterdam or Birmingham, public and private players are closely involved in long term strategic decisions concerning the city. Finally, in most large European cities a significant fragmentation can be seen: multiplication of public and private agencies, contractual links binding one another, opposition with various forms of political legitimacy, rivalry at different levels, forms of co-operation and competition with the state. The concept of urban governance is consequently valid for European cities. It must be stressed that a large number of the partnerships which are developing in countries such as France, Sweden, Denmark, Belgium or even Germany are partnerships between various public players.

The second dimension of new urban politics, that is the appearance on the local political scene of groups that are not traditionally a party to local power, warrants more scepticism. In Germany, there is no doubt that the rise of the Greens as political players and the changes in the left-wing in cities like Hamburg have made it possible for different sorts of groups to arrive on the urban political scene. Through a completely different route, the political earthquake in Italy has also favoured the arrival on the political scene of progressive coalitions in Rome, Turin, Venice and Palermo with new elites and new groups. In the first half of the eighties, certain local authorities in Britain (caricatured as 'the loony left' by their political opponents) had carried on similar experiences. But their strategies, if not also their membership, soon changed. Elsewhere, as in Spain, Belgium, France, Scandinavia (without exception), Portugal and Ireland the above renewal does not seem to be marked. If the transformations identified by Mayer as characteristic of post-fordist urban politics are occurring, they remain merely a possibility which has only rarely materialised. On the contrary, we can see, in some urban regions, urban technocracies are forming which would tend to be moving away from any renewal of democratic life. In France for example, the arrangements between mayors and certain private enterprises, encouraged by the systematic use of consultants, for large-scale urban development operations have rather impeded any renewal of local politics. Non-democratic practices and secretive decision



making by closed elites have also assumed a high profile in the UK. Considering the importance of the stakes for large-scale urban development operations, the elites in big cities are often better at playing at secrecy than transparency.

It appears to us that both changes lead to the fragmentation of urban governance even if, paradoxically, this also leads to increased visibility for urban political leaders. They have delivered considerable political work to try to go beyond this fragmentation, to preserve a little territorial coherence and to organise the conditions of collective action that may make effective public action possible.

The model of entrepreneurial urban governance therefore rests on propositions which are not altogether confirmed. Other elements could point in this direction :

- The development of cities' international relations, the renewal of twinning operations and economic co-operation agreements, the multiplication of city networks (such as Eurocities) and the attempted development of interests common to European cities via these networks.

- City's finances are increasingly dependent upon international financial markets (in Great Britain and France for example), though this is far from being the case everywhere (not in Italy, the Netherlands, Ireland, Portugal).

- In several countries, the mayors of big cities see their political weight increasing at national level within the political parties. This phenomenon seems more palpable in southern Europe, Spain, Italy, Portugal and France.

These developments lead to a relationship between cities and central states which is more and more negotiated and moving further away from the hierarchical centre-periphery model that once dominated approaches to understanding central state-city relationships. Consequently, cities in Europe are developing strategies that are increasingly independent from national states, and are instead closely linked to companies, local institutions and associations.

### **Interactions: how central are public-private partnership to the creation of coalitions**

Questions about interest formation and legitimacy are different in cities than at the state or EU level. The strengthening of urban governance in most European countries (with strong variations between cities) is more related to mobilisation and collective action, to negotiation than to domination and coercion. It follows

that in contrast to the neo-corporatist literature, the whole issue of the legitimization of interest groups by public authorities is less central (but not absent) in cities. It is therefore doubtful one finds examples of urban neo-corporatism in the original sense of the word, or limited examples of the Schmitter/Streeck type of regulation through official associations. Interactions between economic interests and local authorities are likely to lead to regular patterns both in terms of strategies and in terms of public policies.

In most cities, elected political leaders tend to talk to private interests. In many cities, especially in Britain, attention was caught by the development of private-public partnership for instance in urban flagship project. Those private-public partnerships have been well-studied in Germany, in Spain, in France (see Heinz, 1993). The 1980's property boom proved a major incentive behind the development of flagship urban projects. Britain was at the forefront of this movement, in a context of rare resources, incentives from the centre and property boom, but many cities developed some forms of partnership especially in the context of urban regeneration. These are however often one-off co-operative endeavors, structured around one key project. In cases where such partnership flourished, it is often related to weak public partners, social groups and fragmented governance. British cities are key examples of these. It is not so widespread in Europe though. These partnership and flagship projects were non-existent or very limited in Italy, and in most Spanish cities except for Barcelona and Madrid. Most Scandinavian cities have resisted this trend. Only recently has the city of Helsinki accepted some form of public-private partnership to renovate some derelict industrial land in the city centre, or to develop the harbour. The British case remains exceptional in Western Europe.

At the other end of the spectrum, some cities have managed to develop collective strategies which fully integrate business interests groups and their leaders. In some case, Chambers of commerce, or employers groups are associated to elaborate a strategy for the city and they are closely associated to the implementation. Often, and that is a new development, business organisations are involved in economic development issues and above all to represent the city, towards other firms, towards the central state or other cities and outside investors. The involvement of business groups in networks may be stabilised, and this may encourage the development of sophisticated exchange in relation with culture, property development, policy to combat social exclusion, football or transport/parking, land. This does not necessarily prevent conflicts, but a local social system is created based on reciprocity and trust. Such cases are found for instance in some German cities such as Stuttgart, in some Italian cities such as Bologna or Milan, in some French cities such as Lyon and Rennes in the 1980's, Birmingham in the UK, Barcelona and Valencia in Spain. Strong governance



through the integration of business organisation may also have a limited external dimension and lead to conservative public policy in order to limit development, for instance in Strasburg in the 1980's or in Bordeaux. In the UK for instance, anti-growth coalitions for instance used to dominate Swindon (Harloe, 1992), or Norwich. In some European cities, local authorities have resisted urban competition until very recently for instance in Copenhagen and Amsterdam (Harding, 1996), Helsinki, Dublin and various Italian cities. Changes often take place when new political leaders emerge. The new generation of Italian mayors in Turin, Venice, Naples, Rome is rapidly trying to develop collective strategies that incorporates private sector organisations.

Beyond the direct involvement of business organisations, urban governance may also induce external actors such as multinational firms or major utilities firms to take into account the city as structure in their development. Strong urban governance may influence the strategy of various economic actors in all sort of ways. In France for instance, Lyonnaise des Eaux or Générale des Eaux have long term interests in some cities through various services they provide (Lorrain, 1995).

This development may be analyse through American theories of urban regimes (Stone, 1989, Elkin, 1987) and urban growth coalitions (Logan and Molotch, 1987) which decisively focus on: (1) the coalition building process between the private sector and the local authority within a context of decentralised and market-oriented politics, and (2) cities' structural financial dependence upon the private sector. But these concepts do not fit so easily a European context (Keating, 1991, Stoker, 1995, Harding, 1995, Le Galès, 1995). The literature originated in America and very much relied on the asymmetrical relationship between local public authorities on the one hand and private interests, such as local businessman, private developers, rent seekers, bankers, land owners, and business elites on the other. The structural dependence of American cities upon firms (especially in fiscal terms) acts as a powerful mechanism for coalition building. In the case of growth coalitions, the emphasis is on property development. As for Britain, Harding (1991) and Keating (1993) point out differences between Britain and the United States, particularly as far as the private sector is concerned. These points also apply to most Western European countries:

- the limited role of private firms in politics, by comparison to the US, for instance in the selection of candidate for local elections;
- dependence upon central government funding contrary to American local authorities which are dependent upon business tax;

- different land use regulations;

- with some exceptions, British financial institutions, major firms, interest organisations are centralised and not very likely to be involved in local politics, despite some changes in the 1980's;

- Most importantly, as Keating argues (1993), for Britain and France central state institutions are connected with local authorities;

Britain, the most neo-liberal country in Europe, is often seen as the weatherwane for changing urban politics in Europe, but it remains an exception. One change to the cast of players in urban politics in the UK, reflecting the increasing importance of the politics of production, has been the growing role played by private sector utilities and transport groups (Walsh, 1995, Graham and Marvin 1994). To some extent, this can be explained by government policy and the fact that many opportunities now exist for business leaders to take up leading positions in the new development agencies. Public programmes have been re-oriented toward various forms of business subsidy and the development of public-private partnerships. Programmes of privatisation have created new urban 'players', for example in the form of companies which run formerly public utilities (gas, water, electricity, rail). They have significant urban assets, which they are strongly encouraged to develop. Business orientations were changing, irrespective of government prompting. During the 1980s major national business umbrella organisations began to encourage their members to organise themselves better at urban level and contribute to local development initiatives and strategies. Many companies did so, for a variety of reasons, ranging from simple corporate philanthropy to self-interest based upon potential profit, political kudos, presenting a positive corporate image or salving the corporate conscience. Although many initiatives were small scale they enabled the business community to achieve a greater understanding of the pressures facing the public and voluntary sectors. With public sector funding for non-statutory agencies declining rapidly, they also began to trigger direct private-voluntary sector relationships, which had previously been very unusual.

This is the angle at which private interests enter the urban politics literature as for example in the Mossberger and Stoker regime framework (1994). In the American urban regime theory in contrast, coalition-building mainly involves local authority's elected members (and officers) and business representatives. Even if some other groups are taken in the process (for instance community organisations or minorities' groups in Stone's account of Atlanta), they are marginal. Mossberger and Stoker however suggest that collective organisation



and action should be the key principle in urban regime. Two other sets of actors need to be brought in a European context according to them: (1) community interests, minorities, neighbourhoods, organized labour and (2) professional officials employed by local government, local agencies or central and regional government.

In most European countries, even if cities have gained considerable autonomy and ability to obtain public resources and investments, it remains true central-local territorial structuring greatly influences their governance.

This leads one to emphasise an essential feature of urban regime theory: the structural advantage enjoyed by business in capitalist societies although this may vary considerably across time and places. In the growth coalition literature, it is often argued that a locality is more likely to resist pressure for growth if it has enjoyed consistent growth and little unemployment (Harloe, 1992). However, in most European countries, the state has imposed its own political and administrative regulations and that has prevented local authorities to be directly involved with the market, or to protect their citizens from the rigors of market disciplines. Until the mid-1970's, an urban regime approach would have proved irrelevant in most places. Centre-periphery relations was the game of the day. However, the relative retreat of the state has opened opportunities and constraints.

Within a European context, it is necessary to focus on the relations of cities with the state and in particular the ability to obtain finances and public infrastructures or utilities. Variation in territorial relations suggests that many combinations of coalitions may emerge, perhaps more so in the US. In some countries, third sector type of organisation also play an important role (such as in Britain). Building an urban coalition is therefore a complex process, involving many actors. To understand this process of collective action, we have to go beyond the Olsonian paradox and include analytical tools like trust and reciprocity between actors, or identity and culture as resources for collective action. The creation of an urban regime in most European cities is a difficult process of coalition building. Competition is limited and hence a relatively weak incentive, without the structural dependence of local authorities finances upon firms. It is necessary to examine the interaction between the state (central or local), markets and civil society, and to explore how some cities or regions are structured around a combination of market, social and political regulations which structure a governance regime (Le Galès, 1998).

## Conclusion

Although there is little evidence of urban corporatism in European cities as such, and no clear pattern of strengthened urban organised business interests, private actors (individual and collective) are more and more salient in the governance of cities. Globalisation processes, and to some extent European integration, tend to reinforce competition between cities but to a relative extent (Cheshire and Gordon, 1996). In the most important urban areas, such as London, Paris, Berlin, that logic plays a significant role. Other cities also feel the impact of economic restructuring, for instance because urban poverty is on the increase nearly everywhere.

How do all these factors combine in particular cities? There is no general answer, other than to point to the critical role of cities as political actors, construction of social groups. Their elites provide leadership in defining the agenda, bringing alliances of public, private and voluntary sector organisations together and overcoming internal conflicts. Beyond that, it is difficult to point to one strategy through which interest group activity is guided and made coherent in European cities. As urban governance becomes more fragmented, institutionally, there are more points of entry for external interest groups than ever before. Inter-relationships and dependencies between statutory agencies and non-statutory groups have become dense. That complexity and contingency goes hand to hand with the making of collective actors and the reinforcement of structures appears as the order of the day is surprising only if one believes that simplicity and predictability is, or should be, the natural state of urban governance.



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