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Territorial Competition and Political Restructuring in Western Europe

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The New Regionalism.
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Abstract

In both economics and politics, parallel trends have been observed in contemporary Europe, towards Europeanization and regionalization. After a period in which European integration and regional assertion were seen as somehow contradictory, they are increasingly seen as complementary, serving to restructure economic and political space and create new systems of action. Similarly, economic restructuring and political change are, in a new version of functionalist theory, often seen as causally connected not, this time, at the level of Europe or of the nation state, but at that of the region. I argue in this paper that these processes are indeed connected, but not in a deterministic or teleological manner. There is an autonomous role for politics and ideology in mediating the relationship between economic and political change, and between European integration and regional assertion. This creates distinct patterns of territorial restructuring in different places and gives rise to distinct development projects within the European and global market. The "new regionalism", unlike previous forms of territorial politics, is shaped not merely by the state but by the international economic context and the emerging international and continental regimes. Over-generalized explanations, and under-operationalized concepts proliferate, which do not help us to understand this complexity and variation and can distract attention from issues of power and distribution formerly central to the concerns of students of politics. In the absence of general theory, we need more comparative analysis; and we need to make explicit the normative bias of much of the analysis. We do not yet know enough about the emergence of regions as territorial systems of action. Explanations tend to be divided between those that focus exclusively on present-day factors such as global economic change or European integration, and historically reductionist accounts, wedded to path dependency. What is needed is an approach that takes account both of the existence of historical materials rooted in culture and social practices, and of the adaptation of these in contemporary circumstances. Regions, like Europe and like nation states in their day, are systems of action in the making.
Much has been written on the crisis of the state and the end of sovereignty (Camilleri and Falk, 1992). It would be a mistake to exaggerate the decline of the European state, since it retains a formidable arsenal of powers and resources. It is also important to avoid falling into the analytical trap of contrasting a mythical past state, all-powerful, monopolistic and sovereign, with a modern state which is weakened, pluralist and forced to share its powers with supranational, subnational and private sector agencies. These tendencies have always been present, to a greater or lesser extent within individual states. Nonetheless, there has been an important transformation in the state and a disarticulation of the various spheres of social, economic and political action which it formerly encompassed. There is a gap between the system of representation, through state institutions, and decision-making, which has retreated into territorial and social networks. Consequently, the divorce between politics and policy is growing. This disorganization of political space and the lack of theoretical instruments to analyse it is a problem for the understanding of national societies, which at least still have sovereign governments. At the European and regional levels, which are more complex and often weakly institutionalized and less organized, matters are even worse. European integration and regionalism are creating new political and economic spaces whose structure and dynamic are still unclear.

The European political space is, compared with national states, rather unstructured, pluralist and weakly organized by interests. On the economic side, the internal market is similarly rather deregulated and, with a few obvious exceptions such as agriculture, weakly organized. In some ways, this depoliticized domain provides poor terrain for social movements and new forms of collective and political action, since there are few opportunities to aggregate sectoral demands or challenge inbuilt assumptions. Yet the weakening of the state framework of economic management does impose new demands on substate actors and provide new incentives to change their way of working, while Europe and also provides a space in which these can operate. Regions have emerged as operators within this space, to the degree to which they have been able to structure themselves as systems of action and as actors, but they are still groping for the means of action and effectiveness.

Regionalism also has both economic and political dimensions, which are creating new forms of space distinct from that of the nation state. Economic restructuring follows two complementary logics, global and local. It is guided by factors like the investment decisions of multinational corporations and international capital flows; but the impact of these is mediated by local factors and even global effects are felt as local ones. Globalization creates a tension between the aspatial rationality of the transnational corporation, with its multiple branches and ability to move investment around, and the spatially-bound
rationality of communities which depend on these investments (Keating, 1992). So firms escape territorial influences, while territories become more dependent on firms. Given global constraints, states are no longer able to manage their spatial economies by diversionary regional policies or strategic placing of public investments. Yet at the same time, it is increasingly recognized that economic development and the insertion of territories into the global economy depend on specific characteristics of territories (Amin and Thrift, 1994). So modern development policies put more emphasis on indigenous growth, or the attraction of investment by qualities linked to the region like the environment, the quality of life, or a trained labour force, rather than on investment incentives provided by the central state (Stöhr, 1990; Gore, 1984). Scholars have rediscovered the classic notion of the industrial district, characterized by networks of territorial interdependence (Dunford and Kafkalas, 1992; Morgan, 1992; Storper, 1995). Development itself is defined more broadly, to include quality of life issues. The new development paradigm gives an important role to the construction of identities, of territorially-based systems of action, and territorial solidarities. These new regional systems of action are now placed more directly in confrontation with the international market (Courchene, 1995) because the intermediary role of the state has been severely attenuated.

Many questions remain about the nature of these networks and the values they embody. While some observers wax enthusiastic about the 'third Italy' with its dense networks of small firms (Nanetti, 1988) others who have observed the phenomenon more closely see a more differentiated picture (Ritaine, 1989) or note the widespread exploitation which the productive process encourages and which local social norms legitimize (Amin and Thrift, 1994). In a manner reminiscent of 1960s Marxists, devotees of the model have subsequently wandered over Europe searching for the productivist utopia - candidates have included Baden-Württemberg, various places in Scandinavia and the Basque Country.

On the political side, trends to regionalism come both from the top-down and the bottom-up. Top-down regionalism often represents a response to state political and administrative overload, a search for rationalization in public administration, or the "decentralization of penury" by forcing the social cost of economic restructuring down to a lower level. Bottom-up regionalism stems from pressures from below, although these can cover a wide range of issues (Keating, 1996a,b). Strategically, regionalism can aim in several directions. There is an integrative regionalism, seeking to insert the territory more fully into the national political and economic system; an autonomist regionalism, seeking a distinct path of development; and minority nationalism, with a historic and cultural basis, seeking a new framework for the national project in the new state dispensation.
The social and political basis of regionalist and nationalist movements is also diverse, from the middle class populism of the Lega Nord (Biorcio, 1991), to the social democracy of the Scottish National Party, through the middle class Christian democracy of Convergència i Unió, to the "bourgeois regionalism" of the prosperous and competitive German Länder, or the Flemish Christian Democrats.

It is tempting to try and wrap all these phenomena up in a single explanatory framework, focused on the crisis of the state. In an unconscious echo of functionalist and neo-functionalist writing, many observers have extrapolated from the emergence of new economic regions to the restructuring of political space. Ohmae (1995) presents a world of "regional states" defined by trading relationships and production systems, competing with each other in a rigorously neo-liberal global order in which the old systems of political representation and control are dismissed as a tiresome irrelevance. Badie (1995) insists on the "end of territory" as a principle of social and political organization, in the face of economic change and social individualism, although what he really seems to be getting at is the end of the territorial nation-state. What these analyses neglect is the autonomous role of politics in translating functional pressures into behaviour and action (Pintarits, 1996).

Much of the writing about the new order of politics merely documents this reconfiguration of power or, in the absence of general theory, falls back on descriptive metaphors or pluralist ideas. The most commonly used notions are those of "networks" and of "governance". "Governance" is used in at least six different ways (Rhodes, 1996) but generally seems to refer to the emergence of self-regulating systems which go beyond government in the traditional sense. "Network" is used in some cases merely as a "road map" of actors and institutions, in others as a theory of power. Both are useful in drawing attention to new configurations of power which transcend institutional boundaries, although this is scarcely a new insight. Yet they do not provide much theoretical leverage, and their generality, ubiquity and lack of calibration make comparative analysis very difficult. Merely documenting the movement of power and authority out of state institutions invites a complacency about its normative implications. That these exist can be seen by looking at the "New Public Management" which, with its exaltation of market mechanisms and devaluation of citizenship, shares the same vocabulary of governance, networks and (bounded) pluralism. The main

1. This is more accurate than describing these movements as separatist, since most of them nowadays are not claiming a state in the classic sense.
2. If governance is everything, then it is not much use as an analytical tool. If it is not, then we need to know what non-governance is and how they differ.
3. By bounded pluralism, I mean the American concept of pluralism, in which there is competition among a diversity of actors, but within tightly-defined ideological parameters and a market economy.
normative question arises from the disarticulation of the nation-state as a system of action, the devaluation of citizenship and the division of the social reality into separate spaces for the market, for political representation, and for identity, which can have serious effects, not only for governmental efficiency but also for democracy and social cohesion. Touraine (1992, a, b) portrays a social world divided into a sphere of international competition in which the state is allied with business or subordinated to the international market; one of consumption, dominated by the individual; and one of defensive identity, threatening racism and insularity.

We need to bring back politics into the discussion, then, both for analytical purposes and to provide some basis for normative appreciation. Specifically, we need an analysis which allows us to address the normative issues at the heart of traditional political theory; which enables us to detect the policy bias inherent in particular types of governing arrangements; which helps us reveal the social construction of new power constellations and governing coalitions; and which links external influences with the internal power structures of territorial spaces, not privileging one over the other. Globalization and European integration may be forces affecting the whole of Europe, but their impact on different societies depends on the constitution of those societies. Where there is a historic territorial fault-line within a state (as in Spain, the UK or Belgium), global and continental forces may serve to widen it, weakening the ability of the state to manage territorial diversity. In other cases, such as France, the response may be centripetal, as affected groups look to the state for redress. The re-emergence of regions in the new Europe is thus the result both of functional restructuring, and of a process of region-building on the ground.

A political analysis of the phenomenon of regions must recognize distinct dimensions of the phenomenon. Regions are spaces, defined in many ways: by territory; by economic function; by culture; by felt identity; by administrative division. They may be political arenas (Keating, 1996b). They may constitute systems of action (Balme, 1996; Kohler-Koch, 1996); and they may become actors in wider political arenas. It is the coincidence of these various meanings in space which together define a region and give it more or less coherence (Keating, 1996b). Regions are political arenas to the degree to which there is a political space, within which there are local issues, or global issues are perceived through their local impact, a public debate on these regional issues, and an acceptance of the region as a legitimate space for taking decisions. The constitution of such spaces depends on systems of interest articulation, a sense of identity, media, and

The new public management lends itself well to the politics of a Bill Clinton or Tony Blair, for whom there are no big issues, no serious social cleavages and no great battles to be won.

4. Of course, there are non-territorial responses to the crisis of representative government, notably in the form of xenophobia and racism.
public institutions. As systems of action, they are constituted of social forces, institutions and power relationships. Regions become actors to the degree to which they are able to formulate a regional interest and project this in national, continental and global arenas, in state institutions and in the market. Much of the contemporary writing on regionalism elides these different meanings and simply assumes that regions are actors; or else, as noted above, adopts a functionalist approach, reading off the interests of regions and their emergence as actors from the requirements of global economic restructuring.

The Competitive Imperative

There is a connection between economic restructuring and the political response; between the conception of regions as arenas and systems of action, and that of them as actors, but the links are complex and varied. The main connection is the imperative of inter-regional competition, both as a fact of life, and as an ideological construct.

Inter-regional competition for investment, technology and markets, has increased as a result of capital mobility within Europe and the world; technological change which has reduced the importance of distance in some functions, and reduced that of natural resource endowments or proximity to waterways in others; and the rise of multinational corporations with global investment strategies. The Single European Market has further accentuated competition for investment and markets, while the policies of the EU provide a focus for political competition, as regions struggle for funding, or seek to bend EU policies to their needs. Inter-regional competition is also, however, a matter of perception, or at least a new appreciative frame for policy. The new development paradigm places great emphasis on the qualities of territories as a factor in development and on the external economies of scale and mutual support to be gained by the presence in a territory of complementary activities. This has led to a new emphasis on the competitiveness of territories in the international market, rather than just of sectors or firms. The idea of competitive advantage, in which a whole regional society is pitched against others, has thus come to displace the traditional notion of comparative advantage, in which regions were seen as complementary with each other, each specializing in that sector in which it was best. As transmuted into political debate, this has produced a neo-mercantilist philosophy, in which regions are pitted against each other in a zero-sum game for advantage in the global market. This perception, that regions are in a war of all against all, is in the interest of big firms and investors, who never

5. This is discussed at greater length in Keating (1996, a.b; 1997).
6. The zero-sum condition is not always made explicit, but is implicit in the very idea of competitive advantage. If this were not a zero-sum game, why would regions have to compete?
cease to remind regions of the need to adapt to it; and of regional politicians, to whom it provides a rallying theme comparable to that which national politicians have in the flag.

This inter-regional competition, and the way it is presented, in turn shapes the internal politics of regions. This is reminiscent of Lowi’s (1969) paradox, in which the policy or policy arena shapes politics, and not the other way around. Inter-regional competition can to some degree displace internal political competition, as the region, presented as an actor with a unitary interest is pitted against its rivals. The political agenda is redefined and narrowed, political discourse is reshaped, special legitimacy is accorded those who can successfully claim the ability to operate in the new market conditions. Politicians seize on the development theme as a slogan which allows them to build new social alliances beyond their usual class, or other bases, resorting to slogans such as la région qui nous rassemble to project the unitary interest behind their conception of development. Yet in reality, development is a complex matter and can have very different contents in different places. It cannot simply be reduced to a matter of GDP per capita or annual growth rates. There are trade-offs to be made between social cohesion and growth; between development and environmental considerations. Maintenance and development of distinct cultures may be an independent objective, which may or may not coincide with the pursuit of competitive growth. Priority can be given to employment creation or to productivity and technological advance.7

The balance of objectives in any given case will reflect both the region’s market position and its internal political construction. Regions in a favourable market position will, other things being equal, be able better to control the terms of their insertion into the European and global economies. Others may be reduced to dependence on international capital and forced into a strategy of competition based on low wages and low social overheads. Yet there is also an important internal element in the capacity of the region to generate a system of action which strikes the balance among objectives, invests in public goods and reconciles the varying objectives in a positive-sum manner. Nation states have increasing difficulty doing this, and regions cannot simply step into their place. Yet while market competition does impact on the politics of regions, its effect is mediated by internal political structures in the region and the state.

7. Neo-liberal economists will insist that these objectives are consistent in the long run, just as they insist that low inflation is the key to all macro-economic policy objectives, but when pressed will admit that this is true in practice only under extremely unlikely political conditions.
The Construction of Regions

Regions as systems of action are thus shaped both by the demands of market competition and by their own internal social and political structures. A structural contingency approach, seeing regions and their policy choices as determined by their external market environment (as in Ohmae, 1995) would be as mistaken as an approach which looked simply at their internal politics. An approach which simply examined institutions or networks, without looking at the policy content of these and their social bias, would be equally incomplete. In the absence of a grand theory of regionalism, a useful middle-range concept is that of a "development coalition" (Keating, 1993, 1997), adapted from the literature on urban political restructuring.8 This is a place-based inter-class coalition devoted to economic growth in a specific location. Its composition varies from region to region depending on a number of factors, including territory; institutions; leadership; social composition; and culture. This idea connects the notions of the region as a political arena, in which policies are contested; a system of action, in which decisions are taken whether in the market, the state or civil society; and an actor which is capable of projecting a regional interest, defined by the development coalition, in the international market, and national and European political space.

 Territory

The existence of a regional development coalition depends obviously on the existence of a region as a territorial space. This is a problematic and contested matter. Territory for the purposes of a development effort may be defined according to economic or functional criteria, but this may compete with other definitions, based on cultural, historical or administrative criteria. A territorial development coalition may emerge out of a functionally-defined region but to see this as a normal or automatic process would be to fall back into the functionalist trap. Development coalitions can just as easily form on the basis of cultural regions, as in the case of contemporary Wales, where territorial identity has been recast from an old reliance on language and historic myths, to a new focus on economic development in the European market (Jones, 1997). Elsewhere, the existence or the limits of the region may be contested, as in many parts of France, or England. They may be rival projects, often pitting actors focused on a large city against those seeking to establish a regional system of action, as in the competition between the city of Barcelona and the Generalitat of Catalonia (Morata, 1996).

8. The differences between this and the "growth machine" (Logan and Molotch, 1987) are that my formulation emphasizes the interdependence of internal politics and the external environment; and I regard the composition of the coalition and its policy bias as variable (Keating, 1993). Le Galès, (1996) uses the term "governance" in a similar way, giving it a policy orientation lacking in most of the formulations.
Institutions
The existence of a regional government is not essential for a development coalition, but it does make a considerable difference. Multi-purpose elected regional governments open the development project to a wider set of influences and broaden the political agenda. Functionally-defined regional governments, without a broader representative role, such as the French regional governments, are less likely to do this. In other cases, regional institutions have been structured precisely to minimize political and broader social input, restricting the agenda to economic development very narrowly defined. In the United Kingdom, governments have been forced repeatedly since the mid 1960s to put in place regional institutions for powerful functional reasons, but have generally resisted its politicization. In the 1960s, their preference was for state-led technocratic institutions, with a weak form of regional corporatism to accompany them. Since the 1980s, the emphasis has been on private-sector led bodies with, in the 1990s, a rationalized state regional administration. "Governance" here represents a poorly structured space in which those interests with a minimal of organizational capacity have a huge advantage over other social interests, with no organizational capacity at all (c.f. Stone, 1989). Where regional governments exist, they may be more or less directive and centralizing. Among the German Länder, there are important differences between North Rhine-Westphalia, which sees regional development as a sub-Land matter and pursues a strategy focused on local employment markets, and Baden-Württemberg, which takes a more centralist line, focused on sectors and research institutes (Sturm, 1997). Some regional governments take a direct leading role in development projects, while others seek to involve the private sector and social actors more fully. The intergovernmental system is also important. French regions' abilities to define their own development strategies are constrained by the integrated investment planning system represented by the contrats de plan. While these are supposed to provide for a dialogue and negotiation between the state and the regions over priorities, they often end up making the regions pay for state investments, or tying their own investments to state priorities. In some regions, European intervention has opened up participation in development projects (Hooghe, 1996) with its requirements for partnership and local input. In many of the French regions, by contrast, European regional policy has provided new instruments for the DATAR and the regional prefects to get back into the development game from which they had been progressively excluded as a result of the decline of regional policy spending and decentralization.

Leadership
The character and orientation of political leadership is important, especially where the regional political elite has a strong role. In many regions, development has been adopted as a mobilizing theme by political leaders and used to establish

9. Most recently, in the mid-1990s (Hogwood, 1995).
a political profile. Development can be presented as an issue which cuts across social divisions and benefits the entire population. With class and other loyalties weakening, development is a powerful electoral theme, enabling a politician to establish an individual image and promote a new social base, while strengthening the idea of the region as the basis of common interest. Economic development has been stressed by a number of German and French regional leaders, as well as by leaders in Spain and Belgium. Regions like Baden-Württemberg and Rhône-Alpes are thus identified with modernity, dynamism and prosperity, an image further promoted by their participation in the Four Motors of Europe project. Other regional leaders are tied to a distributive or clientelistic pattern of politics. It is often thought that clientelism itself is inimical to development, since it distorts resource allocation and only survives by stifling self-sustaining development which would undermine the basis of the patrons' power. In some cases, however, clientelistic and machine systems can serve to mobilize resources for development and integrate disparate organizations and policy systems (Ritaine, 1994). Piattoni (1997) traces both models of clientelism in two Italian regions, showing how the political boss of Abruzzo, given the right incentive structure, worked to produce growth. In the west of Scotland, similarly, a Labour Party machine, with a centralized structure and traditions of discipline, was able to move from the politics of clientelist distribution into the new growth politics in the 1980s (Keating, 1988). Similar examples are available from the United States, where the Pittsburgh Renaissance of the 1950s was undertaken by a Democratic Party machine in alliance with the local business elite (Weber, 1988).

Social Composition
The strategy of the development coalition and the content of policy will be affected by the representation of social interests, notably those of capital and labour. International and European market integration itself redistributes power from labour to capital since capital is more mobile than labour and can play off regions against each other. Within regions, the presence of organized class interests varies. Some regions, such as many parts of Germany, have retained their indigenous bourgeoisies, with a continued social investment in the place. In the UK, by contrast, regional bourgeoisies of the old industrial regions often sold out, moved to London, or moved socially into the leisured upper classes through the purchase of land, from the early part of the twentieth century, and especially after the First World War. British capital has also been more internationalized than that of other European countries. In both France and Britain, the centralization of the financial systems on the capital which in the nineteenth century contrasted with the dispersal of industrial ownership and production at the periphery, tended in the twentieth century to concentrate industrial ownership at the centre too. There is also a powerful cultural effect in Britain and France,  

10 In practice, of course, it benefits different groups to a different extent and comes with costs which are also unevenly distributed.
since the accents, education and cultural values of the centre (Paris in France and London-Oxford in the UK) are hegemonic and regional industrialists have powerful incentives to assimilate, if not in their own generation, then in their children’s. In Norway, by contrast, the culture of the capital possesses no privileged status, and is not a strong pole of attraction for the middle classes.

The existence of a regional bourgeoisie is not entirely independent of politics. The example of Quebec shows that a regional bourgeoisie can be fostered by public policies, if the regional government possesses the power and resources (Latouche, 1991). In Catalonia, the local bourgeoisie is in retreat in the face of multinational capital but the Generalitat gives a lot of attention to the small business sector, an important base of support for the governing CiU party. Even in Scotland, the Conservative government since the 1980s has been attempting to rebuild the local bourgeoisie to counteract the political hegemony of the left and the statist orientation of policy since the Second World War (Keating, 1996). In regions with nationalist movements, business has to accommodate this dimension; small business interests are generally more sympathetic than large corporations.

Business leaders are always wedded rhetorically to the idea of the free market and neo-liberal nostrums, but in practice usually support regional development efforts, as long as these are delivered by depoliticized agencies with a strong business input. They appreciate the functional rationale for organizing government at the regional level to deliver training policies, infrastructure and land use planning, but this is in tension with their suspicion of regional government as a basis for non-business or anti-business forces, producing an ambivalent attitude to territorial politics (Lange, 1997).

Labour has become more territorialized as class struggles have shifted to the defence of threatened plants and sectors. Sometimes, it has been able to mobilize wider social movements of territorial defence committed to broader goals and regional development strategies but these have been rather precarious, as the French cases show. Labour and the social democratic parties have become increasingly supportive of decentralization and regionalism, as their faith in the centralized state has diminished and they have been drawn into territorial-based conflicts. In regions with nationalist movements, unions are drawn into nationalist politics and may support nationalist movements (as in the Basque Country or Quebec) or seek to straddle the issue (as in Catalonia and Scotland). Yet at the same time, unions insist on the maintenance of national labour market regulation so that they too are ambivalent on the question of regionalism.

The new regionalism has produced many examples of capital-labour cooperation in pursuit of a common territorial interest. Generally, given its weakening because of internal and domestic factors, labour has been very much a
junior partner. In France, where union membership is particularly low, they hardly feature at all. In the UK, they have been marginalized by the Conservative government, not only in national policy making but also in the construction of the new instruments for local and regional development, including the Urban Development Corporations and Training and Enterprise Councils (Local Enterprise Companies in Scotland). There are subtle differences here, though. In Scotland and at least during the 1980s, in Wales, the strength of the labour movement and the more accommodating style forced on the Secretaries of State for Scotland and Wales by their role as territorial managers and defenders of the territorial interest, prevented the complete exclusion of trade unions. The Scottish Economic Council, on which the trade unions sit, survived the abolition of the Regional Economic Planning Councils in England. In Germany, trade unions feature more strongly in the Social Democratic stronghold of North Rhine-Westphalia than in Baden-Württemberg. In Spain, control of autonomous communities by either the socialists or the christian democrats of the Catalan CiU or Basque PNV produces a willingness to recognize trade unions as social partners, although, given the low level of unionization in Spain, as very junior ones. In France, Italy and Spain, the division of the trade union movement on political lines also weakens its influence and allows regional leaders to choose their favoured union partners. In France and Italy, both business and unions have a weak presence at regional level.

While there is extensive regional collaboration over development issues, the conditions are not present for a form of regional corporatism (Streek and Schmitter, 1991; Anderson, 1992). Neither side of industry has invested heavily enough in the regional level, and regional governments do not provide a sufficiently powerful interlocutor. Where there are powerful regional governments, in Germany, these have tended to take a rather directive role, with the Land government laying down policy rather than negotiating with social interests as one would expect to find at the federal level. It is as though the Land governments, lacking sovereign authority, and caught in a complex system of interdependency with the federal and European levels, are unwilling to contemplate any further leakage of power. A similar phenomenon may be emerging in Flanders, where the regional government is seeking to centralize powers on itself as it consolidates its authority in the new order (De Rynck, 1996).

Culture
The new development paradigm emphasizes the production of public goods, the need for collective action and reciprocity. It requires a means to manage externalities and garner external benefits so as to avoid sub-optimal investment decisions. It de-emphasizes the role of large corporations and of the state in favour of local and regional self-regulating networks. These rest on norms of reciprocity, social trust and co-operation which permit collective action in the
absence of strong institutions.

Much has been written recently about the importance of "social capital" whether at national (Fukayama, 1995) or at regional (Putnam, 1993) level. The concept is elusive, seemingly hanging somewhere between the institutional and the cultural. Cultural explanations have out of fashion within American political science. This is partly in reaction to the abuse of the idea of political culture in the 1960s to sustain a kind of western cultural imperialism; partly because culture in the past was invoked as a residual explanation when nothing else seemed to work; but mainly because cultural explanations appear to violate the rational actor assumptions which have come to dominate the discipline. Yet rational actor models, while they may show us why everyone would be better off if they did observe norms of social reciprocity, do not show us how and why they do so, or why this happens in some places and not in others. There needs to be something to bridge between individual and collective rationality in a society where individuals do not know each other personally and have no individual incentive to see further than a generation ahead. This is especially so in the new dispensation in which regions face the global market directly, with a reduced protective role for the state. In a globalized economy, there may be a premium on social solidarity and territorial cohesion, but global integration does not produce these. On the contrary, it works against them.

Culture is implicitly present in the new writing on regional development, industrial districts and social capital, however well-disguised in the garb of 'new institutionalism' or rational actor models. Properly understood, it can help us understand different sets of social norms and action, and can even be invoked as a policy instrument to encourage specific modes of development. The term culture has a multiplicity of meanings. Narrowly understood, it refers to the arts and entertainment, whether high brow or popular. More generally, it can be understood as the perceptual frames, values and norms used in social life; as a way a society looks at itself and as a filter for what it sees. The two are connected, in that arts and entertainment provide symbols of identity and symbolic representations of social norms. Sometimes culture is expressed through a distinct language, which sustains its own artistic and entertainment production, defines the reference group as speakers of the language and disseminates values and norms. It is embodied in myths and icons which also sustain collective identity and social interaction.

11. As with all social science concepts, culture has now made a reappearance, but in rather crudely determinist way, or as a comprehensive explanation (as with Huntingdon's "clash of civilizations"). Explanation in these accounts becomes a victim of the search for parsimony. 12. Ways of thinking can even be embedded in a language itself, as can be seen in contrasting French, with its facility for expressing abstract ideas, with English, which lends itself to pragmatic and empirical discourse.
The relation of culture to society can take several forms. There may be a hegemonic culture, in which language, social practices and norms enforce a specific way of life and thinking. Quebec before the Quiet Revolution provides an example, with the Catholic Church and the local political class sustaining traditional values of piety and resisting secularization and social modernization. Another form of culture is social escapism, in which the symbolic representations of society are divorced from the reality, or culture is confined to the literary realm. Scotland in the late nineteenth and for much of the twentieth century suffered from cultural escapism. The dominant symbols of national social life were provided by 'tartanry', in which elements of the old Highland culture were stripped of their social and political significance and pressed into the service of the imperial state and of romantic invention, and the 'kailyard', a literary school in which Lowland Scotland was presented as a small town arcadia, ignoring industrialism, class conflicts and urban strife. A third form of culture is less oppressive and more adaptable. This is culture as a set of images of society, a way in which a society can examine itself critically, and sustain a debate on its past, present and future. Culture might thus be an obstacle to change and, as the old political development school suggested, traditional cultures might be incompatible with modernity. On the other hand, culture might be a factor in guiding the process of development, in linking the past to the present, and in sustaining social solidarity and a capacity for collective action in the face of change. Traditional elements may survive their original function to mould the project of modernity. Religion provides an example. Religious traditions have bequeathed to highly secularized societies patterns of collective action, corporatist accommodation and social solidarity which affect economic and social relations - one thinks of the Québécois model of capitalist development which stands out from the North American model of individualistic market capitalism marked by Protestant traditions of competition. Catalonia, the Basque Country, Flanders and Scotland are all marked by strong religious traditions which have left traces to the secularized societies of the late twentieth century. Capitalism since Weber, has been associated with the individualistic and acquisitive values of Protestantism. It may be that the new development paradigm is associated with other historic and contemporary traits, more rooted in collectivism and social cooperation.

With the weakening of the institutional dominance of the nation state and the growing importance of collective action within civil society, culture has come to play a more important role in economic development. It not merely that culture in the broad sense conditions the form which development takes, but culture in the more restricted sense of the production of symbols and spectacles provides a set of instruments for intervention in the stimulation and guidance of development.
In one form, this simply means the commodification of culture and its sale in the international marketplace, as in the "heritage industry" which has taken over large parts of industrial Britain (McCrone et al., 1995). Culture, however, is not merely nostalgia and can be invoked as an instrument in development and modernization. Culture can be a means of promoting a common identity and a common territorial frame of reference for individuals. This in turn can sustain common norms and values and facilitate social exchange. It is the common territorial identity which provides the link between individual and collective rationality, through the invocation of an 'imagined community' that, is in Anderson's (1983) formulation, a community of people who do not know each other personally or through immediate kinship, but share a common identity. A common territorial identity might also facilitate cross-class development coalitions and the search for positive-sum outcomes of class compromise, reconciling economic competitiveness with social solidarity. This is not to say that the possession of a local, regional, or minority culture is itself a guarantee of success in the global economy. A local culture and language may facilitate social production and solidarity, but also cut a territory off from participation in the wider market, unless it also has access to global cultures and international languages. The problem is the more acute since the global language required to participate in the international economy, English, is also the vehicle for the transmission of the global mass culture which threatens minority cultures. Another problem concerns the openness of culture. A culture rooted in ethnic particularism may sustain in-group solidarity, but provides a poor basis for territorial solidarity unless the territory is ethnically homogeneous, and since the new models of economic development are based on the characteristics of territorial economies this is what counts. Economic development also attracts outsiders and is associated with demographic change, so that a local culture which is to provide an asset for development needs to be open to incomers and capable of assimilating them into the local norms. Otherwise, the promotion of local culture may descend into xenophobia and racism, militating against social solidarity and co-operation and discouraging flexible adaptation.

We find often that successful territorial political movements and development coalitions are those that can play two contradictory themes at once. There is the localist theme, rooted in tradition, particularism and even isolation, and which threatens parochialism, xenophobia, and the crushing of local pluralism. There is the cosmopolitan theme, which threatens to erode social solidarity, attachment and culture, subordinating communities to the impersonal market. In some places, these two coexist in more or less uneasy partnership, producing a "rooted cosmopolitanism", which allows regions to operate in the global economy without losing their own distinct characters (Friedmann, 1991). In other places, the collective action problem is resolved through a culture characterized by what Granovetter (1973) calls weak ties, rather than the strong ties of ethnicity of kinship. Weak ties allow collective action, but also permit
action across subgroups and communities, and facilitate information transmission and innovation. Strong ties erect barriers, close networks and inhibit information flows. A culture which is based on ascriptive differentiation among subgroups within a territorial community is thus likely to be dysfunctional in promoting the type of collective action implied in the new models of innovation and economic development. A culture which is loose enough to encompass the entire population, as well as being open to outside influences and incomers, will be more effective for these purposes.

Little is known as yet about the way in which these local norms are constituted historically and sustained over time. In France, the *annales* school, and the quantitative analyses of Todd (1990), Le Bras (1995) and others have contributed greatly to the understanding of territorial identity and its transmission, but there is a lack of similar work elsewhere. Putnam’s work on Italy (Putnam et al., 1985; Putnam, 1993) emphasizes the importance of historical patterns and inheritance but proceeds to found the argument on the ahistoric concept of path-dependency. Comparative study, however, shows us that cultures and identities are continually being created and recreated (Rohe, 1990). Jordi Pujol, president of Catalonia, was never content merely to rely on the historic reality of Catalonia, but has preached the necessity to *fer païs*, to remake the country in the modern era, both in state institutions and in civil society. Once again, politics needs to be brought into the analysis, to show how culture is made, reshaped and used by social and political forces, establishing practices and norms and moulding the development agenda.

Similar remarks can be made about the more general concept of regional identity. Identity can be a mere cognitive category, as people recognize that the region exists; an affective one, as they feel positively or negatively about it; or an action-oriented one, a spur to mobilization (Frankberg and Schuhbauer, 1994). The action implied can relate to a broader or narrower social programme. In France, regional identity reflects on the one hand an image of the landscape, culture and history; and on the other a functionally-specific institution for planning and development (Dupoirier, 1996; Dupoirier and Roy, 1996). In Catalonia or Scotland, territorial identity conjures up a broader social project, and a locus of general political debate.

*External Linkages*

The new regionalism is not bounded by the nation state, but pitches regions into the global and European markets and into the European political space. External relationships, with the market and with other governments, thus become an

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13. As explanation of southern underdevelopment, an event from the middle ages is selected as the key factor and subsequent critical historical experiences are filtered out. See Ritaine, (1994) and Sabetti, (1996).
important element in the development project. External policy both allows regions to seek resources in the international environment, and facilitates the consolidation of the regional development coalition internally, by postulating a common interest in relation to the outside and projecting the region as an actor in the international arena. Regions' relationships with each other in the European market are marked by contradictory pressures to co-operation and to competition. They seek co-operation to mobilize resources and exploit complementarities, but at the same time present themselves as in a neo-mercantilist competition. There are three principal motives for external action (Keating, 1994; Cornago, 1996): economic development; cultural protection; and political motives related to region or nation-building and the construction of a regional system of action. In economic matters, regional actors seek investment, markets and technology. This is, according to the logic of contemporary development politics, a competitive matter and the evidence shows that on matters strictly related to economic development, co-operation is very difficult to achieve. On matters of common interest, such as the environment, or where there are complementarities, as is sometimes the case in technology, co-operation is easier. There are many examples of cross-border co-operation, but here too it appears that the apparent functional advantages of co-operation and pooling resources are often undermined by the pressures of competition. A political will is required to stimulate co-operation. This is provided often by EU incentives and the advantages of co-operating in European institutions, by over-riding political motivations on the part of regional leaders. Cultural motivations refer to the need for regions with minority cultures to seek support in the European and international arenas. This would explain the Catalan government's efforts to promote the recognition of Catalan as a recognized language in European institutions and a subject of instruction in universities abroad. Political motivations refer to the desire of regional elites to consolidate regional identity by projecting it abroad, to raise the status and prestige of the region and, by the same token, themselves, and to provide a counter-pole to the state. This is most important in those regions with nationalist movements, whose leaders seek to emphasize their national status by an active programme of para-diplomacy, but is also found in some other regions. Hopes that the development of a European political space would create new possibilities for autonomous regional action have been disappointed, as has the idea that regions would gradually be recognized as a "third level" in a European territorial hierarchy (Jeffery, 1996). As a result, there is a large difference in the ability of regions to operate as actors within Europe and a variety of strategies is adopted. Some regions, such as the German Länder have secured access to their national systems of policy making and so work through these to Europe. Others, like the Belgian regions and the Basque Country, have sought a more autonomous strategy, using direct links and

14. It is the existence of these political incentives which largely explains the greater success of cross-border cooperation in the EU than in North America (Keating, 1996c).
individual strategies (Keating and Hooghe, 1996). Others again have been content to work both national and European routes, operating in as many different arenas as possible. This is the case with the Catalan government and would be the probable strategy of any future Scottish autonomous government. External projection of the region may be via the regional government, or through a broader effort, focused on functional interests or civil society. This too effects the structure of power within the region, since control of external linkages can be a power resource and help to frame the development project.

Development Strategies

What emerges from all this is a variety of development coalitions located in regional space, constituted of varied social interests and bound by differing value systems. Such an approach allows an analysis of the social interests underlying "networks" or systems of "governance", while also permitting a normative appreciation, which might consider the contribution of any set of arrangements to economic growth, social cohesion, equity, accountability, democratic participation, or cultural expression. To illustrate possible combinations, let us consider three ideal-types of development coalition.

Bourgeois Regionalism

This is a development project, found in strong economic regions, focused a local business class. Emphasis is placed on economic competitiveness, productivity, technology and value added. Policy is legitimated by reference to market values and the common regional interest is invoked to overcome class oppositions. Business interests have the largest role in policy determination which is as far as possible decided in special agencies, with a large business input. Social policy is separated out and entrusted to governmental agencies and municipalities. There is a weak connection between the spheres of economic and social policy, with issues of distribution left to the effects of "trickle down". Employment generation is not seen as an end in itself, but as a by-product of growth. There is an emphasis on public policy initiatives and expenditures related to growth, including infrastructure, research, and perhaps training. External policy is functionally specific and geared to the needs of competitiveness.

The Sweat-Shop Economy

In this project, the region is a policy-taker, seeking to insert itself into the global economy on any terms. Its competitive advantages are low wages, a minimum of social and environmental regulation, and a deregulated labour market. Public

15. The term comes from Harvie (1994) who uses it in a slightly different way.
16. Lest this term sound too provocatively left-wing, it should be noted that it has recently been reintroduced into debate by British Conservative former prime minister Edward Heath.
policy initiatives are minimized and public expenditure of all sorts is kept as low as possible. Since wage advantages are continually being undercut by emerging regions elsewhere in the world, economic activities are unstable and constantly restructuring. Excess labour is absorbed by out-migration or by the creation of low-paid service employment.

The Social Democratic Project
In this project, there is a larger role for labour interests. While competitive development still drives the policy agenda, social considerations play a larger role. Distributional issues are regarded as legitimate matters of first-order politics, not something to be decided after growth has been achieved. Employment generation is a main priority in policy. Social interests are more widely represented, including not only labour but environmental, neighbourhood and other interests. Priority within economic development policy is given to those measures which simultaneously enhance social equality or access to employment, such as education and training. External policy is not emphasized, but there is general support for the creation of a European social space and the regulation of competition.

The Nation-Building Project
This is found in those regions with aspirations to national autonomy, if not independence, such as Catalonia, the Basque Country, Flanders and, for opposition forces, Scotland and Wales. Here development is regarded both as valuable in itself and as a necessary component of nation-building and autonomy in the new Europe. Since nation-building is necessarily socially inclusive, this project must seek a broad base of support and cover a wide range of policy areas. The political agenda, while dominated by the preoccupation with building the region-nation as a system of action, is otherwise broad, since this project potentially includes all aspects of public life. Matters of culture and language play a central role and are increasingly invoked as the bases for collective action. Policy is legitimated by reference to the national project and territorial solidarity is invoked to overcome class divisions. External policy goes beyond economic linkages and includes cultural development and political projection. Competition with other regions is emphasized as a fact of life, but at the same time alliances are struck with other regions facing the same conditions.

Since these are ideal types, they can be combined in many ways. So nation-building projects may be social democratic in inspiration (as in Scotland), Christian democratic (as in Flanders, Catalonia and the Basque Country) or bourgeois (as in the failed attempt to project a "nation" of Padania).17 Social democratic and bourgeois projects may compete for influence, with compromises

17. The scenarios for Catalonia is outlined in de Jouvenal and Roque (1993) represent a broad interpretation of a regional development project.
resulting. Some regions may enter into a virtuous circle, in which good public services, an educated labour force, and a good environment attract capital in high value-added sectors. Sweat-shop regions may find themselves in a vicious circle, in which low wages and corporate turnover reduce their tax base and deregulation damages their environment, forcing them into ever-lower order sectors. In other cases, there is no project at all, because there is no agreed territorial framework for action of because of the social and institutional disorganization of regional space. To return to the ideas I have criticized earlier in the paper, if governance is organized space, then we will need a concept of non-governance to describe those other places.
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