



Regional development studies

At regional level on behalf of Europe's regions

Developing a new field of trade union activity



European Union
Regional policy and cohesion

Regional development studies

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of trade union activity

European Commission

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Foreword

Economic and social cohesion is one of the principal objectives of the development of the Community. All national and Community policies should contribute to improving cohesion.

Combating unemployment and fostering job creation are at the heart of this policy. If one looks at trends throughout the Community over the last few years, one can see that this is no easy task.

The European Union contributes actively to supporting these efforts, using the means at its disposal: the allocation of financial resources to structural policies and the promotion of common policy orientations, devised in cooperation with the Member States, designed to improve the efficiency and impact on employment of structural measures.

Examples of this are the proposals made for increasing the job-generating effect of growth and fostering territorial partnerships for employment.

But the efficacy of structural measures in general depends to a great extent on the degree to which all those affected by structural policy participate and cooperate. The Commission is continuing its efforts to persuade Member States and regional bodies that decisions concerning structural operations should be made in close consultation with all the political, economic and social partners.

In this context, the role of trade unions is of outstanding importance. The principle of partnership concerns them directly. But in order for this principle to be fully realized, all the partners, and in particular the unions, need to have the ability and the expertise to make specific proposals for improving the effectiveness of regional development and economic and social cohesion policy.

I am convinced that the very full report drawn up under the supervision of Professor Albers of the University of Bremen will contribute to this objective. It can serve as a very useful tool to help develop the ability of trade unions to participate in regional employment policies and, through them, in the development of cohesion throughout the Community.

Monika Wulf-Mathies
Member of the European Commission

Preface

Each year, the Directorate-General for Regional Policy and Cohesion of the European Commission launches a number of studies in the field of regional policy and regional planning. These studies mainly aim at providing a basis for policy formulation internally, as well as the preparation of programmes and initiatives and a basis for analysing the impact of current or planned activities. The most interesting or innovative of these are published in a series entitled 'Regional development studies'.

With this series, the Directorate-General hopes to stimulate discussion and action in a wider sphere on the research results received. The publication of the studies is addressed to politicians and decision-makers at European, regional and local level, as well as to academics and experts in the broad fields of issues covered.

It is hoped that by publicizing research results the Commission will enrich and stimulate public debate and promote a further exchange of knowledge and opinions on the issues which are considered important for the economic and social cohesion of the Union and therefore for the future of Europe.

Readers should bear in mind that the study reports do not necessarily reflect the Official position of the Commission but first and foremost express the opinion of those responsible for carrying out the study.

Acknowledgements

This final report on the EUREG research project, 'Regional structural policy and the trade unions in the single market', is probably the most wide-ranging investigation of the present scope of trade union activity at regional level within the European Union and the directions in which it may develop in future. The methodical approach adopted in the study, i.e. taking 17 European regions from the five larger Member States and comparing the trade unions operating in them, is explained in the first section headed 'The course of the study'. In fairness, it ought to be said that because there were no previous studies of this type to draw on, much of our approach was actually defined in the course of the research itself.¹

In a Europe-wide perspective, both regions and trade unions are among those factors which, notwithstanding all national differences and peculiarities, can help crucially to underpin the Union itself. However, the opposite also holds true where these factors do not come into play, either because a tradition of state centralism proves to be stronger or because the trade unions themselves hesitate to become involved in 'regional policy' as a new field of activity, then regional disparities will be that much harder to overcome. Wide areas of the Union could then face the dangers of increasing structural weakness and general marginalization. Inevitably they would fall behind the 'naturally dynamic' centres within the Single Market.

This report on the study provides a rich illustration of the positive correlation between greater regional independence and the assumption of a stronger role in regional policy by report can thus also be read as a call to all regional-level actors to become active, including those in the private sector.

Our study was based on case studies made by institutes and academics in the regions in question, who each provided an outline of their region and its trade unions on the basis of a standardized structure developed by the Bremen team.² Using these materials and our own results, collected between 1991 and 1994, the team in Bremen wrote the complete report of the project under my direction. The team takes joint responsibility for the textual content regardless of the country speciality of each team member. The final version of the report was edited by Eckhard Voss in close consultation with myself.

To close, I would like to take this opportunity to thank Thomas von der Vring, former Chairman of the Budget Committee of the European Parliament, for his support in making the project possible in the first place, and Carmelo Messina and Wilma De Bernardi of Directorate-General XVI at the Commission for their helpful advice during the research. I must also thank all the members of the team in Bremen for their commitment to the project, not forgetting Gabriele Beske, who dealt with the administrative side throughout the lifetime of the project. My very special thanks go finally to our partners in the 17 regions. The intense and continuous exchange of ideas with them has certainly strengthened my conviction that direct cooperation from region to region among both the regions themselves and regional societal actors is one of the most promising seedbeds from which a 'domestic affairs' policy for the Union as a whole will develop.

Detlev Albers

Bremen, Spring 1995

in collaboration with:

Bernhard Eller, Ulrich Harmes-Liedtke, Joachim Schuster, Martina Seitz and Eckhard Voss

¹ For and intermediate report of the project in progress, see *Albers 1993* (Spanish edition 1994).

² A list of the case studies and their authors, together with the content of the standard structure, will be found attached at the end of this report (page 293).

About the authors

(Prof.) Detlev Albers

Born 1943 in Goslar. Lecturer in political science at the University of Bremen. Numerous works, *inter alia* on political theory, the European workers' and trade union movement and the development of the European single market, among them *Regionalpolitik der europäischen Gewerkschaften. Eine vergleichende Bestandsaufnahme* (Regional policy of the European trade unions — a comparative appraisal), 1993, ed.

Bernhard Eller

Born 1964 in Obenzell. Economist, studied economics in Munich. Research post at the University of Bremen from 1991 to 1994. Doctoral thesis on regional economic and development policy in France. Working since 1995 as a town and regional planner in Munich.

Ulrich Harmes-Liedtke

Born 1965 in Hamburg. Economic, studied economics in Hamburg and Madrid. Research post at the University of Bremen from 1991 to 1994. 1995 scholarship post at the CIREM in Barcelona; thesis on labour market policy in Catalonia.

Joachim Schuster

Born 1962 in Rastatt. Political scientist, studied political science in Marburg. 1993 doctoral thesis on the prospects for European economic and monetary union. Research post at the University of Bremen from 1991 to 1994; since then working as a freelance political scientist. Various studies of regional and sectoral structural policy.

Martina Seitz

Born 1959 in Mettmann. Sociologist and journalist, studied sociology in Marburg and Rome. Works for the international cultural magazine, *Lettre internationale*, the trade union magazine *Nuova Rassegna Sindacale* and the Friedrich Ebert Stiftung in Rome. Research post at the University of Bremen from 1991 to 1994. Thesis on centralization and federalization in Italy.

Eckhard Voss

Born 1961 in Lippstadt. Political scientist, studied political science and recent and contemporary history in Freiburg im Breisgau and London. Erasmus scholarship. Research post at the University of Bremen from 1991 to 1994. Thesis on the regional reform debate in the United Kingdom. Various publications on British politics, European regional development and nationalism and immigration in Europe.

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Abbreviations

ABM	Arbeitsbeschaffungsmaßnahme
ABS	Arbeitsförderung, Beschäftigung und Strukturentwicklung
AEEU	Amalgamated Engineering and Electrical Union
AEU	Amalgamated Engineering Union
ATLAS	Ausgewählte Treuhandunternehmen vom Land angemeldet zur Sanierung
ATS	Arbeit und Technik in Sachsen
BASIS	Beratungsagentur für arbeitsorientierte Strukturentwicklung in Sachsen
CC.OO.	Comisiones Obreras
CDU	Christlich-Demokratische Union
CEM	Conference of European Ministers
CFDT	Confédération française démocratique du travail
CFTC	Confédération française des travailleurs chrétiens
CGIL	Confederazione generale italiana del lavoro
CGT	Confédération générale du travail
CGT-FO	Confédération générale du travail — Force ouvrière
CIDEM	Centre d'Informació i Desenvolupament Empresarial
CIRIT	Comissió Interdepartamental de Recerca i Innovació Tecnològica
CISL	Confederazione italiana sindacati lavoratori
CITE	Centri per l'innovazione tecnico-educativa
CiU	Convergència i Unió
CNEL	Comitato nazionale per l'economia e il lavoro
CNRS	Centre national de la recherche scientifique
CNT	Confederación Nacional del Trabajo
CONC	Comissió Obrera Nacional de Catalunya
CoR	Committee of the Regions
DATAR	Délégation à l'aménagement du territoire
DC	Democrazia cristiana
DGB	Deutscher Gewerkschaftsbund
EA	Euzko Alkartasuna
EAGGF	European Agricultural Guidance and Guarantee Fund
ECSC	European Coal and Steel Community
EE	Euskadiko Ezkerra
EETPU	Electrical, Electronic, Telecommunication and Plumbing Union
EfaS	Entwicklungsagentur für arbeitsorientierte Strukturpolitik

ELA	Euzko Langilleen Alkartasuna
ERC	Esquerra Republicana de Catalunya
ERDF	European Regional Development Fund
ESC	Economic and Social Committee
ESF	European Social Fund
ETA	Euskadi Ta Askatasuna
ETUC	European Trade Union Confederation
ETUI	European Trade Union Institute
FDP	Freie Demokratische Partei
FO	Force ouvrière
FTN	Fomento dal Trabajo Nacional
GDR	German Democratic Republic
GMB	General, Municipal and Boilermakers
GTB	Gewerkschaft Textil und Bekleidung
HBV	Gewerkschaft Handel, Banken und Versicherungen
IGR	Interregionale Gewerkschaftsräte
INEM	Instituto Nacional de Empleo
ITUCs	Interregional Trade Union Councils
IU	Izquierda Unida
KAS	Koordinadora Abertzale Sozialista
LAB	Langile Abertzaleen Batzodeak
MAP	Ministerio de Administraciones Públicas
MEH	Ministerio de Economía y Hacienda
MSI	Movimento sociale italiano-destra nazionale
NDC	Northern Development Company
NEDO	National Economic Development Office
NRCA	Northern Region Council Association
NUM	National Union of Mineworkers
NUTS	Nomenclature of territorial units for statistics
NWR	German north-west region
ÖTV	Gewerkschaft Öffentliche Dienste, Transport und Verkehr
PAT	Prime d'aménagement du territoire
PDS	Partei des Demokratischen Socialismus
PDS	Partito Democratico di Sinistra
PED	Pôle européen de développement
PP	Partido Popular
PRE	Plan de Reconversión Especial
PSE	Partido Socialista de Euskadi
PSOE	Partido Socialista Obrero Español
RPR	Rassemblement pour la République
RTC	Regional Technology Centre
SAL	Sindacato autonomo lombardo
SEA	Single European Act
SEEDS	South-east Economic Development Strategy
SERPLAN	South-east Regional Planning Conference
SERTUC	South-east Regional Trades Union Congress
SNP	Scottish National Party
SPD	Sozialdemokratische Partei Deutschlands
STUC	Scottish Trades Union Congress
TBS	Technologieberatungsstelle
TEC	Training and Enterprise Council
TGWU	Transport and General Workers' Union

THA	Treuhand-Anstalt
TUC	Trades Union Congress
TUSIU	Trade Union Studies Information Unit
UDF	Union pour la démocratie française
UGT	Unión General de Trabajadores
UIL	Unione italiana del lavoro
USO	Unión Sindical Obrera
WAP	Wirtschaftsstrukturpolitisches Aktionsprogramm
ZENIT	Zentrum für Innovation und Technik
ZIM	Zukunftsinitiative Montanregionen
ZIN	Zukunftsinitiative für die Regionen Nordrhein-Westfalens

The course of the study

Involvement in the area of the regions of Europe, thus appropriating an additional area in which to represent interests, is a new and in many respects barely developed field of trade union activity. Trade unions almost everywhere now lay claim to this new field but are having to achieve this involvement in practice at a time when the European trade unions are facing radical demands for reorientation on virtually all fronts. A further difficulty is that the position of the regions themselves varies considerably from one country to the next. Their status still appears to be vulnerable on the whole and subject to many fluctuations within the European integration process. This implies opportunities to bolster significance, but also harbours risks of severe decline.

This study aims to provide information on the role of the trade unions in the regions of the European Union, specifically on only that part of their work which directly relates to the regions and which determines their presence, activities and influence there. This appears to be a simple goal at first glance, but closer analysis of the various aspects involved shows that this is uncharted territory both methodologically and in terms of content.

The regional stage

One of the first main problems was to arrive at a satisfactory definition of what is meant by 'the regional stage'. It seemed to us essential that the situation in each individual region, its problems, potential and development opportunities, be first

of all analysed and interpreted from an internal perspective. But how might this be achieved when the regions are socio-economically, environmentally and politically distinct units to a lesser extent than ever before, and when their national integration over centuries and their European integration in recent decades form an integral part of the regional stage?

We first tackled this problem with a technical sleight of hand, by commissioning a team of local scientists in each of the European regions of our study to investigate these specific issues on the basis of a common 'structural framework' we had previously developed.¹ The responses we received were various approaches to regional self-interpretation dealing both with questions of national and European integration and to an equal extent with the position of the trade unions in the respective region. These case studies formed the basic material for this study and the analysis that follows, except where explicit reference is made to other literature. The organization of this final report in each of the three main chapters also corresponds to the structure of the case studies.

When the case studies were finally produced, they also brought back the problem of how to demarcate the content of the field 'region and trade unions' for the purposes of a comparative analysis. When designing the structural framework and selecting the regions to be investigated, our guiding principle was to include the

¹ See the list of case studies and their authors and the structural framework of the regional case studies in the Annex.

most striking individual examples displaying specific features of major interest even beyond the national context, in terms of both regional and trade union related aspects. However, this also implied a constant enlargement of the field of study; if the comparative approach of the study were to be maintained, then special features that were essential in causative terms for an analysis of one particular regional and trade union constellation could not be entirely ignored as far as the other regions were concerned.

The initial view was that the regional studies could simply be confined to an outline of the current socio-economic environment, and to an analysis of the conditions for trade union activity related most directly to that. But how could one then explain merely on this basis, for example, the fact that the Scottish trade unions have taken a leading role in the campaign for a 'Scottish Parliament' in recent years, and that over 100 years ago, in a conscious rejection of otherwise unquestioned British centralism, they had already formed their own federation, the Scottish Trades Union Congress (STUC), which first created the support, extending beyond trade union circles, that is necessary for such a role? We clearly had no choice in some cases but to trace back local trade union history to the period before 1945.

Moreover, whenever we asked Scottish scientists or trade unionists about their region, the first, almost stereotyped answer we received was that 'Scotland is a nation'. This forced us not only to reflect generally on the relationship between region and nation (see Sections 1.1 and 1.3 of the Introduction) but also, in the case of Scotland, to summarize its history back to the union with England in 1707, and in some cases even further back. It also made it essential for the study to include problems of regional or regional-national identity, regardless of their present-day state and institutional form, as a crucially important cultural field mediating between regional cohesion and local trade union anchoring.

If this was so for Scotland, then it was even more so for Catalonia or the Basque country and their specific trade union constellations. Even where all those involved were agreed that no regional history or regional identity exists, as was the case with south-east England, or the German north-west region (which does not even exist formally),

these aspects could not simply be ignored. Rather, it was important to explain why they did not play a role in this particular case and what impact this has then had on trade union presence in the region. The outcome was that the origins of each region under investigation had to be briefly outlined and integrated in the analysis, relating this aspect to the national and European context (Sections 2.2, 3.2 and 4.2). Separate sections also had to be dedicated to the specific features of cultural identity and the constitutional status of each group of regions in the study, (Sections 2.4, 3.4 and 4.4). Other aspects, such as the environmental situation in each case and the impact this has on regional and trade union activity, or the assessment of currently identifiable regional development pathways and the alternatives which exist, were to be included throughout the report; the common task was to counter a purely one-dimensional analysis of the region-trade union plane, since this would provide little basis for explanation.

As the complexity of the study began to grow, selecting regions became all the more complicated, as did the problem of how to filter out the greatest degree of representativeness from a necessarily limited number of regions analysed in depth, and conclusions relevant to the general regional and trade union development in the European Union. The solution we ultimately arrived at is a compromise between the two opposing methodological options, namely producing a purely additive description on a region-by-region basis, attempting a global analysis including all the regions from the outset. The approach would have had the advantage of a concrete focus on specific regions. But methodologically speaking, this would have implied a claim to comprehensiveness that could not be lived up to; moreover, the comparative dimension would have had to take second place.¹ The other approach would have run the constant risk of reducing specific local features to a pre-defined schema not derived from the regions themselves.

The compromise made here imposes two restrictions, without abandoning the objective of obtain-

¹ *Portrait of the regions* (European Commission 1993c) is set up according to the description principle stated. It provides a great deal of relevant information on all regions of the European Union, but dispenses with a comparative interpretation.

ing generally valid statements. The regions investigated were deliberately confined to those in the five larger Member States of the Union (the United Kingdom, France, Italy, Spain and Germany). This does not mean to say that regional issues in the smaller Member States automatically follow the same rules as in the larger ones. The conclusion is merely drawn from the cross-section of the regions studied that they at least contain representative elements of the 'regional factor' within the Community.

Typification of the regions investigated

The regions were also subjected to a typification based on the criteria for European regional assistance. In each of the five countries, we first selected one less-favoured region eligible for substantial support according to the criteria of the Community Regional Funds (ERDF Objective 1 group).¹ Another group we studied comprised the traditional or 'declining' industrial areas of the Union (ERDF Objective 2 group), and here again we selected one region from each of the countries listed. In general, these assisted areas tend to be rather small geographically. A final group came into being as a kind of contrast to the regional types already mentioned, and comprised one prosperous region from each of the five Member States. Brandenburg and Saxony, two regions in the former German Democratic Republic, were also included in the study. Upon unification with the Federal Republic of Germany in 1990, they also became part of the Union, and have now been generally classified as structurally weak regions according to the ERDF criteria following a short transitional phase.

The background to this classification into three regional groups was the idea that this would enable us to produce, in each of the five larger members of the Union, a model regional analysis

¹ The Auvergne and the German north-west region, which we also classify as structurally weak regions, do not fulfil the ERDF criterion for Objective 1 assistance, namely that the gross regional product be at least 25% below the Community average. Scotland only meets this criterion to a partial extent — in the Highlands and Islands region. At the same time, all three regions must be considered as predominantly structurally weak within their respective national contexts; this was the reason for including them in this category within our analysis.

from the perspective of a region lagging in its development, a region suffering greatly from structural crises and a comparatively favoured, so-called 'motor region' — and their respective trade unions. The spectrum represented by the 17 individual regions in the study should expressly embrace a highly divergent range of constellations. At the same time, concentrating on only five regions with somewhat similar features (seven regions in the case of the structurally weak regions, due to the inclusion of Brandenburg and Saxony) made it possible to centre analysis on the regional dimension, with respect to both the territory and the local trade unions. Analysing three different regional types in each of the five Member States studied also provided an important starting point from which to arrive at basic common problems faced by regions within the Union.

This starting point is arrived at in a step-by-step procedure; it is obtained primarily from the comparison of regions and trade unions in the respective groups which we also termed 'regional baskets', and is further developed in the summary conclusions under study in Chapter 5, the comparison between the individual regional types or 'baskets' being uppermost. The counterweight to the comparative element is the analysis of the particular features of each individual region, which underlines the horizontal, Community-wide interregional character of the study. Only in this way do we believe it possible to give adequate expression to the growing independence of the regional dimension and its social actors in the European Union.

The representativeness of the case study regions

Mention must be made of the representativeness within the national context of the cross-section of regions studied. The special features of the German unification process suggested that two striking examples from eastern Germany should also be included alongside the studies of the three western *Länder*. Whereas in 1991, when we commenced work on the project, we still tended to view the regional constellation in Brandenburg and Saxony as a totally separate and special case, or to deal with the singularity of transitional

processes in the two regions in the form of special sections, we now (late 1994) renounce such special treatment in favour of 'normal' classification as structurally weak regions. This also serves to underline the special contributions made by the trade unions in both regions, especially in Saxony, to the shaping of regional development.

One consequence of this integrated description of the two east German regions, however, was that a total of five of the 16 German regions were included in the study. This in turn permitted the inclusion of the German 'north-west region' in the analysis, a fictitious area made up of separate sub-regions and treated for our purposes as a discrete and identifiable region, in addition to two regions with very sharp profiles, namely North Rhine-Westphalia and the Ruhr as a traditional industrial area, and Baden-Württemberg as the strongest 'motor region' in the 'old' Federal Republic. Applying our analysis to this 'artificial' region, which we defined as comprising the *Land* of Bremen with the cities of Bremen and Bremerhaven, the Weser-Ems regional district and those areas in the districts of Lüneburg and Hanover which surround Bremen (but which form part of Lower Saxony),¹ we were able to study the problems of a meaningful territorial demarcation of the regions and the necessity of attaching less importance to interregional boundaries which run counter to the economic contexts.

As far as the other Member States were concerned, it was not possible to include a numerically equal number of associated regions in the case studies. It was therefore all the more important that the three regions in each country to be investigated according to the criteria described display as many of the general regional policy features of the respective State as possible, and that the actual profile at local level be described. Scotland, northern England and south-east England, taken together, were much more than just a typical British example of the three 'regional baskets' in this study. These regions were a vivid demonstration of how, in one and the same Member State, one region lacking any kind of

¹ This area is today a tightly interlocking economic zone with boundaries extending considerably beyond the territory covered by the system of 'joint regional planning for Bremen and Lower Saxony' that was reinstated in 1991; for a model of this planning, see Forum (1994).

regional identity can coexist beside another with a highly developed form of 'regional nationalism'. Local trade unions in the one region perform a role as front-line activists for regional or national-regional autonomy, while in the other they appear to virtually disappear at regional level under the shadow of their national executives in London.

Campania, Liguria and Lombardy represent a quite different case. Crucial issues relating to the regional problems of all Italy are epitomized in these three regions, and solutions to these problems will determine to a major degree whether or not the country and its 'Second Republic' will have a future in Europe. Without Campania, which has been the metropolis region of southern Italy for centuries now, there cannot be any perspective for the Mezzogiorno as a whole, either today or in the future — and thus for a population that forms twice as high a percentage of the national population as eastern Germany does in the Federal Republic. In contrast, there can be no question that without Lombardy's economic strength and the contributions made by its political and economic actors, including the trade unions, it will be impossible to secure a leading position for the country among the industrial nations of Europe. However, the specific experience gained by Liguria in coping with the structural crisis of declining industrial areas could prove valuable in this context.

It would be easy to demonstrate a similar range of problems regarding the role of Castilla-La Mancha, the Basque country and Catalonia in Spain, or the Auvergne, Lorraine and Rhône-Alpes in France. The opportunities for comparison within the national context are not pursued any further in this study, even though this would provide further illustration of the benefit of this method of defining certain regional types and interrelating these along the horizontal axis. The primary focus is directed instead at the comparison of regions within each of the groups from a European perspective. This does not mean that national differences, such as the disparities of wealth between the separate countries and between the regions studied, can be simply left out of the analysis. Nevertheless, the principal intention of this study is to clarify, under the premise of a common economic space and European Union, which patterns of action can be

identified so far at regional and trade union level, which differences and congruences exist between these, and where there are signs that independent regional development potentials are being activated.

Another distinction that we made with respect to structurally weak regions needs to be made here. When carrying out the latter case studies we encountered areas that had always occupied a peripheral position away from historical growth centres or without any constitutional status of their own. Such 'classical peripheral regions' in the case studies include the Auvergne, large areas of the German north-west region and Castilla-La Mancha.¹ Within the group of less-favoured regions there are also areas that belonged in the not-too-distant past to the prosperous parts of their country, but which were subjected to sustained decline as a result of external, historical and to a certain extent 'coincidental' factors. These regions, to which Scotland, Campania and Saxony also belong (see Sections 2.1 and 2.3 for further details), were 'artificially' obstructed in their further development at very different times and in very different national contexts; they can be classed as 'blocked regions' and to this day display a much greater variety of cultural and academic institutions, not to mention other 'soft' location factors, than is the case for the regions mentioned earlier.

However, it is not this distinction as such that is notable regarding the particularly interesting situation in such regions, but rather the question whether the new European dimension might remove such obstacles or at least qualify them to a significant extent. The Europeanization process could then be bound up with additional hopes

¹ Defining Castilla-La Mancha as a 'classical peripheral region' would not apply to the period before and after the Reconquista in which Spain was a flourishing nation, when Toledo was for some time the seat of government and in which Castille as a whole was, the centre of the Spanish Empire — not to be confused with the region as it is today.

that lagging development can be overcome more rapidly than in other structurally weak regions.

Finally, we deemed it necessary to subject the global framework within which the development of regions and trade unions is taking place in the 1980s and 1990s to closer analysis in an extensive introductory chapter. This meant first of all describing how regionalization and the European integration process are interlinked, and what conclusions can be derived from this for regions and trade unions. Other sections in the report assess the formation of independent regional policy at European level and the contribution made by academic theories on regional development. In particular, the attempt is made to apply the principle of 'sustainable development', which was originally coined in the timber industry but which has been a central concept in the international north-south and environmental debates since the UN Report on Environment and Development (Brundtland Commission (1987)), and which has since been integrated, at least in part, into the objectives of the European Union,² to the narrower field of regional policy.

Yet another section examines the relationship between nation and region, between cultural identity and the constitutional status of the regions. This is followed by an introductory overview concerned with the current opportunities for trade union action in the five Member States, and the general preconditions governing trade union presence in the region. The subsequent description of the three regional types in the main chapters of the study elaborates on the perspective taken in the introduction, specifying it with particular reference to the anchoring of the trade unions at local level and the appropriation of trade union competence in the regions studied.

² See European Commission (1993b) as well as the Treaty on European Union (Maastricht Treaty), published by the Office for Official Publications of the European Communities, Luxembourg.

1. THEORETICAL INTRODUCTION

1.1. Regionalization and European integration

The regions as 'winners' and 'losers' in the Europeanization process

A full 40 years after the European integration first got under way among the core nations of Western Europe, it might appear as if the regions in today's European Union are the clear winners of that integration process. The warnings pronounced in 1951 by Karl Arnold, then Prime Minister of North Rhine-Westphalia, that the German *Länder*, or what today we would generally call the regions, were threatened with degenerating into mere administrative units as a consequence of the European Coal and Steel Community (ECSC) seem long since forgotten (from Müller-Brandeck-Bocquet (1992a), p. 160). Instead, anyone who fails to recognize the growing importance of European regional policy, the relevance of the subsidiarity principle for the further development of the Union, or the Committee of the Regions as a modest first step to the institutional presence of the regions in Brussels, now invites accusations of ignorance, at least since the Maastricht Treaty. This explains why it is so easy for many to adopt the typical 'Europe of Regions' terminology, but also why such avowals of faith can be so non-committal.

Comparing the position of the 11 German *Länder* in the European Communities of the 1950s and 1960s (ECSC, EEC, Euratom) with the status achieved today, definite gains can indeed be made out. The *Länder*, which at that time had only recently asserted themselves as midwives to the newly-created Federal Republic, while also securing their own constitutional status in the provisional constitution of the 1949 Basic Law,

were the only sub-national territorial authorities far and wide that had constituted themselves in one of the Member States as a federal counterweight to the national and consequently also the conceivable European level of the future.

The only other instance of regional power was the requirement to form regions and to decentralize the centralized State, as laid down in Article 5 of the 1948 Italian Constitution. Decades were to elapse, until 1970, before this constitutional requirement was complied with even remotely. There was therefore good reason to fear that the principle of independent regions with their own constitutional status might be misinterpreted as some form of aberrant German traditionalism, and pushed aside or even abolished in the course of European integration.¹

In contrast, the degree of regional autonomy in the European Union of the 1990s is now much more consolidated than ever before. In addition to Germany, Spain is a second Member State which explicitly defines itself, in its 1978 Constitution, as a 'State of autonomous communities (or regions)' and which derives its State organization from the interaction of different, essentially equal territorial authorities or even 'nationalities'. France, one of the Member States with the most

¹ Constitutional reality in the Federal Republic was dominated until well into the 1980s by a tendency to transfer competences from the *Länder* to the national level, thus reinforcing the unitary character of the State as a whole. One crucial 'own goal' in this respect was the ruling in Article 24 of the Basic Law that the federal government was the sole authority with power to transfer sovereignty rights to international organizations such as the European Communities. Since then, however, the *Länder* have succeeded in negotiating amendments giving them a significantly greater say in such matters (Article 23 of the Basic Law).

centralist traditions, took a major step in the direction of independent regions when it enacted the decentralization laws of 1982.

This development is continuing elsewhere as well. Smaller Member States such as Belgium now explicitly profess their belief in federalism. Italy has in the meantime not only established regions, but in the progression from the First to the Second Republic, these can expect to see a major strengthening of their position within the State. Of those countries which acceded to the Union in 1995, Austria at least has a strong constitutional tradition of federalism. Among the large Member States, the only one currently to oppose the establishment of independent regional entities is the United Kingdom, despite the movements for regional autonomy in Scotland and Wales, and the demands of the Labour Opposition.¹

The principle of regional autonomy and federalist structure that has been progressively established in most of the Member States since the 1980s at the latest was bound to have an impact at the European level as well. Ironically enough, the United Kingdom's accession to the Community in 1973 was the impulse to install regional policy as a separate field of operations in Brussels,² a field that now has the second largest budget after agricultural policy (see Section 1.2 for more details). In the institutional sphere, it is also notable that the European Parliament (EP) agreed as early as 1988, in the 'Regional Charter', on a minimum set of demands regarding the empowering of the regions in all the Member States.³ In the medium term, therefore, there is every possibility that the conflict between parliamentary and regional interests can be resolved through the subsequent development of the Union Treaty.

The apparent successes achieved to date lose much of their shine when compared with the demands that still need to be met. To such an extent, indeed, that it is doubtful whether half the

distance has yet been covered, or if the 'point of no return' has yet to be reached. The issue at stake when arguing for the regions is not primarily the question of the best form of public administration or State structure. Anyone who talks about the regions in order to achieve equal living conditions, on the one hand, or the dismantling of regional disparities throughout the Union, on the other, is only using the term region in an instrumental sense. The real importance of the region in the eyes of its advocates is only revealed when the regions are understood as a fundamental and essential focal point for identification with society and the State, as a basic prerequisite for accepting the idea of Europe and making it a cohesive whole with all its fragments and territories, its large-scale and small-scale communities.⁴

If this is what is meant by region, however, then the asynchrony that characterizes the path to regional autonomy in the Member States of the Union must appear in a very different light. The Committee of the Regions, constituted in 1994, may well represent a common 'institutional address', but its position as a European Union organization will probably be just as hotly debated as the Economic and Social Committee (Ecosoc). The very composition of the Committee of the Regions has produced the invaluable benefit that there now exists, for the first time, a forum providing for horizontal and Union-wide representation of the regions. At the same time, however, the first sessions have shown the sheer mountain of discussions regarding self-understanding or even self-discovery that first has to be surmounted before anyone can think about a successful extension of the mandates towards a 'Third Chamber' for the regions in Brussels, possessing powers equal to those of the Commission or the Parliament.

A cross-sectional view of the position of the regions in the Member States reveals the fetters imposed by extreme differences in competences, not to speak of the special British case. Just as serious, for example, is the widespread tendency to deploy the subsidiarity principle as a more tactical argument in order to draw a line between Brussels and the Member States, while at the same time ignoring the reformist implications of the principle for domestic politics. Such

¹ A comparative overview of the position of the regions within the five largest Member States is provided by Albers (1993).

² This had been preceded by Italy exerting pressure over many years to be granted some form of compensation from the Community for its efforts to modernize the Mezzogiorno — a demand that was consistently frustrated by French opposition. Drevet 1991, 67/8.

³ European Parliament, document PE DOK A 2-218/88 B of 21.10.1988. Müller-Brandeck-Boquet (1997a, p. 20) correctly points out that crucial issues regarding the delimitation of competences vis-à-vis the national and European State bodies were not dealt with in the Parliament's Charter for Regionalization.

⁴ An outline of the history of the idea behind the principle of regions in Europe can be found in Petschen (1992).

interpretations are favoured by the vague formulation in Article 3b of the Treaty on European Union, which fails to establish effective and powerful barriers against the transfer of competences to Brussels and which refers explicitly only to the relationship between the Community and the Member States.¹

Perhaps the greatest obstacle, however, is the fact that the basic reversal of rank orders needed to achieve sustained European integration has been achieved to only a minimal degree so far: development, social transformation, the identification of endogenous potentials and new synergy effects must come from below, in the context of an active, sufficiently independent local and regional field of action. Programmes for redistribution, equalization and support, be they national or European, and for all their indispensability, can only supplement existing efforts. The logical implication is that the social actors in the regions, from the political parties, business leaders, and environment lobbies to the trade unions, to name only the most important, be seen as responsible agents who can govern their own affairs, that the multifariousness of the continent be reassessed from this level and that a high degree of self-determination be granted to it.

One might object that this has always been the case and therefore does not deserve any special attention. But this would be overlooking the fact that facts have been established which will doubtlessly have a centralizing effect — from the Single European Act (SEA) to the implementation of the single market in 1993 to the various steps towards economic and monetary union (EMU), regardless of whether these comply with the timetable agreed upon at Maastricht or not. Translating this to the region as a field of action, there is no disputing that the single market will favour its central axes — the so-called 'blue banana' from the south of England across the Rhine regions to northern Italy, and the 'sun belt' from Barcelona

¹ The literature on this subject contains viable criticism that Article 3b of the Treaty on European Union fails to provide either a guaranteed sphere of responsibility for the various State levels below the Community, nor any right to take legal action or to monitor compliance with the subsidiarity principle. The development of the German constitution could provide an indication of how general empowerments of the federal or Community level, for example in the field of competing legislation (Article 72 of the Basic Law, which corresponds to Article 3b of the Union Treaty), has gradually reduced the original competences of the *Länder*.

to Milan — over those regions situated at a distance from these axes, unless action is deliberately taken to counteract this tendency. Such counteractive measures will not be possible under the conditions created by the integration process, and this is where the wheel turns full circle, unless the position of all the regions in the Union is strengthened and regions themselves take action.

Are the *Länder*, the autonomous communities and regions 'winners' or 'losers' of Europeanization to date? On the assets side, with the exception of the United Kingdom and some smaller Member States with traditionally centralist constitutions, they can enter the fact that nobody would question any longer their necessary function within a future united Europe. But it is equally clear that they are lagging behind severely with respect to their position at national and European level, and concomitantly their capacity to genuinely exploit their scope for solving and problems to the benefit of their own territory.

The strategic importance of the 'regional factor' in the EU

When the Committee of the Regions was constituted in early 1994, this effectively put an end to an argument that for years had opened every debate on the regions, namely the question of what is actually meant by the term *region* in the first place.² One can now take a pragmatic view and simply adopt the criteria for the composition of the Committee. In a more fundamental sense, however, the definition laid down by the Parliament in the Community Charter for Regionalization was sufficiently broad to enable a certain consensus regarding the definition of terms.³ It

² Detailed statements on this topic can be found in Engel/Wessels (1991) and Petschen (1992).

³ Article 1.1 states that the word *region* 'shall be taken to mean a territory which constitutes, from a geographical point of view, a clear-cut entity or a similar grouping of territories where there is continuity and whose population possesses certain shared features and wishes to safeguard the resulting specific identity and to develop it with the object of stimulating cultural, social and economic progress'. This is supplemented by the statement that 'shared features' of a population shall be taken to mean 'language, culture, historical tradition and interests related to the economy and transport'; it is not necessary that all these elements be present in every case; EP, Document of 21.10.1988. In borderline cases, the term can also refer to regions or 'nations' with wide-ranging claim to self-determination, such as the Basque country or Scotland as 'nations without a State'; see Section 1.4 for more detail.

is therefore a point of great interest, given the openness of the twin processes of Europeanization and regionalization, to establish more precisely which responsibilities are to be assigned to the 'regional factor' within the Community, which prerequisites can be expected and how the chances of implementing this can be assessed.

The complementarity function of the regions

The first, general task of the regions involves the complementarity function; apparently, and to the surprise of many observers, this function is closely linked to the integration process. Europeanization obviously leads to an incisive change in the role, the competence and the self-understanding of the Member States. They exchange the surrender of sovereignty, social regulation powers or at least competence against a role as 'federators' making up the Council of Europe or the Council of Ministers,¹ a role that is weighted in different ways. This is accompanied not only by shifts of weight between the national organs, e.g. in favour of the executive; what happens is a simple adjustment of the weight of national decision-making, a process that only a fraction of the Union's citizens can really understand — as the ratification debates following Maastricht amply demonstrated.

The complementary function of the regions takes hold at precisely this point, to varying extents, of course, depending on whether the countries in question are small, middle-sized or large Member States. If decisions in policy fields which directly affect every citizen in the Union are taken away from the national level, which in the large Member States at least is a highly aggregated complex communicated more than ever before through the media, the response is a growing need for more proximity to a political level 'where one can accomplish something'. Because the local government level is inadequate for this function in the age of communication, regardless of how weak or powerful the tradition of self-government, or how large or small the territorial units, the regional and cultural dimension is now experiencing a surge in importance extending into the

¹ For a discussion of the 'multivalent' role of the European Council as the principal control body of the Community, operating between intergovernmental cooperation and supranationality, see Schneider 1986, pp. 44-47.

deeper layers of society. It comes as no surprise that this growth finds its political expression more rapidly when there is already a greater traditional awareness of regional independence, or where it can be linked to resistance against real or assumed discrimination during the 'age of nation States'.²

The compatibility function of the regions

Once established, the regions can assume a further task, defined here as the compatibility function. This function is needed in order to find 'suitable formats' for cooperation within the Union, which must be intensified at all levels and in all fields. A broad range of cooperation needs and coordinated procedures in the public and private spheres exists between 'acts of State', such as those required if agreements have to be concluded between the United Kingdom and Spain, for example, and 'parish-pump politics', for example when a German and a French mayor come together. Such cooperation and coordination can be best achieved by the regions, who can be immediate neighbours or far distant from each other.

No-one should overlook the fact that issues of rank, institutional weight and representation always play a role in connection with the size of the public administration unit in each case, and hence also the creation of a comparable dimension between two or more actors from different nations who come together. This in itself has no effect on the existence of regions. On the contrary, precisely where they can look back over a long history, as in Germany,³ there are greater differences in size (e.g. between the large rural *Länder* and the small city-States) than is the case in centralist Member States such as France or the United Kingdom, where administrative and regional planning aspects which demand the most standardized unit sizes play a much greater role. At the same time, regions with their own developed stature whose rights are derived from serious decentralization efforts in their respective

² See Hobsbawm (1990) for an analysis of the 'era of nation States' implicitly referred to here.

³ By way of qualification, it should be pointed out with respect to the age of the German *Länder* that they did not in most cases obtain their present-day form until after 1945 — with the help of the occupational forces, who themselves were not familiar with the German political system. See Eschenburg (1983), pp. 77 *et seq.*

countries make a substantial contribution towards reducing the distance between large and small Member States, as well as between favoured and less-favoured areas, along with all the fears of marginalization this entails.

The networking function of the regions

A third notable feature is the special aptitude of the regions to create links among themselves in various fields and on the basis of equal rights and partnership; such a regional networking function can clearly operate both within the Community as well as beyond its boundaries. Of all the potentials that a developed regional landscape could produce for the Union, we consider this factor to be especially capable of development. Reference is not always to the 'whole orchestra', as represented by the Committee of the Regions. Bilateral cooperations or multilateral interregional cooperation are just as important in this context. Examples which have existed for years now include the Alps region (ARGE ALP), the Hanse Interregio (the northern Dutch provinces and the Bremen and Lower Saxony *Länder* in Germany), or the joint initiatives set up by the 'four motors' (Lombardy, Rhône-Alpes, Catalonia and Baden-Württemberg).¹

All these interregional links have one thing in common: they are an attempt to dismantle particularist conflicts of interest and to find trans-boundary goals at the horizontal level; this can be 'confederal' where regions within the Community are involved, or can involve links with European neighbours outside the Community. The precondition for such links, of course, is that there are no artificial barriers between permissible 'domestic' activities and 'suspect' or even prohibited 'foreign' activities. Such a distinction is now obsolete within the Community; other European regions also view it as inopportune in the extreme, because it arbitrarily blocks opportunities to establish links prior to those between nations. The converse would be a situation where official strategy is to tolerate such interregional initiatives, but where regional funding is subjected to such restrictions that any initiatives can only have mere declarational value.

¹ Similar initiatives have recently been established between the Baltic regions and States, and between the German, Polish and Czech border regions.

The impulse function of the regions

A fourth task of the regions, which we label the impulse function, is primarily internal in orientation and aimed at strengthening the 'common elements' within the local population, from language and culture, through historical traditions, to present economic interests, as formulated in the regionalization charter. The central issue is the specific capacity to bundle interests at the intermediate, territorially defined level — something which cannot be achieved either at national or at local government level, at least in the larger Member States.

However much the priorities set may vary from one region to the next, one can still discern related themes of regional activation if a cross-sectional view is taken. These centre on the problem of regional competition, experienced either as a disparity problem or as disadvantage, and therefore on the need for efforts at achieving equalization either independently and/or with the help of others. The problem may also be seen, where the region is a 'motor region' within the nation or indeed the Community as a whole, primarily as an internationally mediated challenge compelling the region to promote further modernization. Another impulse favouring regional solutions concerns the increasing need to adapt products and production systems in order to achieve a sustainable and environmentally sound economy (see Section 1.3). Regional strategies in this field will aim at finding an 'equitable solution' for the region in question, which may involve a wholly new hierarchy of values with respect to nature and human work.

The region as a source of cohesion potential

If we view the four functions of the regions described above as a complex and with the knowledge that only a fraction of this functional complex has so far been opened up, it becomes clear why we see them as one of the most important reserves for the internal cohesion of the European Union — a kind of 'pure cohesion potential'. Such an assessment is bound to raise the objection that advancing the regionalization pro-

cess could lead to its precise opposite, to the predominance of particularist tendencies culminating in disintegration, civil war and secession.¹ One does not have to refer in the 1990s to national tragedies such as those occurring in the successor States of former Yugoslavia to show how little one can take for granted, in the struggle for regional or national autonomy, willingness to integrate, to share sovereignty or to redistribute wealth in favour of areas lagging in their development. The 'cases' of the Basque country, Catalonia and Scotland show that there are no 'walls of China' between nation or 'nationality' and region or 'regional identity' which could protect against the one raising exaggerated claims against the other (see Section 1.4 on 'regional nationalism').

The objection which could be raised does not hold true, however, if thought through to the end. What is being debated among the Member States of the Union is not some return to a pre-national *status quo ante*; if separate Basque organizations, like ETA, are unable to understand this, they cannot pose a serious threat to the State's integrity in Spain or France. One of the most effective antidotes against Basque separatism has been the conscious granting in democratic Spain of relatively extensive rights of autonomy to the regions. What the European regions are reclaiming as a transnational interest, in the sense of the complementary function mentioned above, is only the logical consequence of the fact that the nation States are moving from a position of pure sovereignty (long since achieved, but now considered inadequate) to one of joint, sovereignty within the Union.

The status gained by the European Community (*acquis communautaire*) of 12, 15 or even more Member States is therefore, leaving aside the special German or Austrian cases, the only viable basis for a special status for the regions throughout the Union, and not the other way round. Only through common action can these acquired statuses be enlarged. In strategic terms, this means that only the same rules for consensual transfer of

¹ Dahrendorf (1993) neatly summarizes such doubts: 'It (is) difficult, if not impossible, to concentrate on larger and smaller units of political action at one and the same time. It is possible that the 'Europe of regions' will, in practice, turn into regions without Europe.'

competences, and the concomitant removal of participatory rights at the new decision-making level which characterize the 'bottom up' integration process from the nations to the Union, can be applied with any chance of success in the opposite direction, from the Member States to 'their' regions.

With this premiss in mind, some ideal-typical thoughts can now be formulated regarding the preconditions for continuing the regionalization process, thus anticipating the study itself. 'Regional awareness', the willingness to 'recognize oneself' in the region, is one factor which would be difficult to replace. This in no way implies that among the 66 NUTS/1 regions or the 174 NUTS/2 regions that statistically comprise the Community of Twelve² there would be none in which regional identification plays virtually no or only a rudimentary role. Of the regions investigated in the course of the EUREG project, a lack of any significant regional awareness was explicitly identified for south-east England, for example. Other examples would be easy to name.

However, the course taken by the study confirmed our view that this is a deficit for which plausible reasons sometimes exist in the past development of the respective regions. If there is no willingness to be 'taken at one's word' by and for the region, then it will not be possible to gain or exercise social and political influence at this level. The immediate conclusion to be drawn from this is that regionalization should not be restricted to a process of mere administrative decentralization. There are many arguments not only for the election of democratically legitimated bodies for regional representation, but also for transferring to such bodies general competences *vis-à-vis* the local authorities below them, such as regional districts, provinces, *départements* and municipalities. Providing regional bodies with such powers would lend greater importance to the regional level in the medium term.

² The various NUTS categories ('Niveaux d'unités territoriales statistiques') were laid down in 1971 by the Statistical Office of the Community; according to this scheme, the German *Länder* come under the NUTS 1 group, while the French and Italian regions are in the NUTS 2 group. The NUTS 3 category covers even smaller units, such as the provinces in Italy or the rural districts in Germany, and comprises a total of 829 territorial units. European Commission (1991a).

Awareness and identification cannot be prescribed from above, of course, either here or elsewhere. Ernest Renan's oft-cited words on the nation could apply equally well to the regions; they, too, need a 'daily recurring plebiscite' (Renan (1992)) if they are to escape from their shadowy existence that nobody is really interested in. Nowhere did we encounter regional awareness as a fixed 'eternal' factor. Once the regions are equipped with the relevant competences, their level of acceptance will change dynamically, crystallizing around central aspects of the region's position in order to cope with incisive structural crises, for example, or developing a normal level of average participation across a wide range of fields.

Regional self-reform

Underlining the importance of identification, as we have done so far, does not mean that the requirement of a 'self-sufficient size' for the regions in both the socio-economic and regional planning senses is in any way a secondary matter. There is no question that size can only be a target that can conceivably be reached; the more that regional boundaries are linked to living local history, the less they can be removed by decree. Having said that, the regions are not immune from the pressure exerted by the global economy to form larger administrative units, one of the main forces driving the Europeanization process in the first place.

A capacity for self-reform is therefore demanded at this level, too. In specific cases this can mean various small regions or sub-regions amalgamating to form a larger one with genuinely European presence.¹ This is mirrored in the efforts which can be seen in many areas to shape sub-levels in expansive regions in such a way that their boundaries coincide with those of economic zones. Mention should also be made of renewed efforts to amalgamate municipalities after years of deadlock and the serious conflicts which these generate. A common feature throughout the Un-

ion is that the entire public administration system is confronted with restructuring and modernization demands aimed at more participation and social provision.

The regions themselves are less concerned with problems of territorial organization, however. In order to be operationally self-sufficient among the European regions, it can already be seen that much greater focus will be placed on the regions acquiring competences appropriate to their relevance and scope for decision-making. This, in turn, is intimately connected to the financial constitution of the Member States and, more recently in the less-favoured regions, of the Union.

If the regions want to escape from a situation in which they are mere pawns in the predominantly national politics of the individual Member States, they have few means at their disposal besides those of horizontal cooperation and equalization of interests, primarily in their own countries, but increasingly also across national frontiers and at Community level. Proceeding in this way, however, can also open up opportunities in different respects. Interregional cooperation virtually implies that agreements are reached in the interest of the areas represented between otherwise opposing political forces. This can lead to broad alliances between and beyond the political parties, for example to improve the position of the regions in the respective constitutional structure of the Member States. Agreements made at horizontal level between regions with different interests, such as those between structurally weak and prosperous regions, can demonstrate that particular interests can be overcome through one's own efforts, without third parties having to become involved.

Such examples, however, also show the extent to which the European regions must come up with ready-made answers, initiatives and conceptual solutions on a wider basis if they are to succeed in generally strengthening their sphere of influence. It does not suffice merely to increase the weight of one's own region *vis-à-vis* the respective national level or competing claims on the part of neighbouring regions, nor is it enough to depend on the 'convoy' principle, according to which competences that one has acquired for oneself will also benefit others sooner or later. Put

¹ There is a history of such ideas in the German, Italian and French contexts at least — but generally one of failure, because they too often had external origins, or created that impression, and were not based on an adequate consideration of the bilateral or multilateral regional interests.

into perspective, the future role of the regions will depend critically on the extent to which they succeed in working out transnational positions and in linking these with the vital interests of the populations they represent.

The principle of 'regional partnership' and the trade unions

The discussion so far has equated the regions with the respective public authorities at local level. It is patently obvious that constitutional status will bear little fruit by itself if it is not accepted by the general population. Equally obvious is the interplay between the two: regardless of any documented rights, the political weight of the region is determined by the extent to which it can activate its population, associations and social actors and get them to articulate their ideas for common objectives. Conversely, the demands of specific population groups will be all the more effective the more they are taken up by other groups, become common assets of the region and find expression through a relevant State body within the region. Statements on the development and prospects of the regionalization process in the European Union therefore gain a clearer focus where they pursue, in addition to the analysis of State-institutional and socio-economic aspects, the question of in what way, to what extent and with what objectives the regional dimension is expressed in the practice of social actors.

This study concentrates for pragmatic reasons on examining, using selected case studies, the relationship between the regions of the Community and only one, albeit the most important, of the social actors, the trade unions. It can therefore provide no more than one building block, which is empirically based and consulted for the perspectives it contains; further studies may then produce conclusions about the comparative strategies of the regional economies and their associations, and about the 'regional partnership', namely the behaviour and interests of capital and labour with respect to the region. Where statements are made in this study on this point, this is done subject to the proviso that they are derived only from the perspective of one side only, the trade unions.

From the regional viewpoint, there is no doubting that its interest must be directed at developing the entire social potential *in situ*, and thus in industry by companies and trade unions. Just as was the case for the concept of region in the European Parliament's Charter for Regionalization (see footnote 3, p. 29), one of the merits of the new 1993 framework Regulation of the European Regional Development Fund (ERDF) is the concept of 'close consultations' at regional level covering all phases of Community action, from the 'ex ante evaluation' to 'ex post evaluation' — a kind of basic model for the participation of the economic and social partners in regional development.¹ However, while it is important that such conceptual frameworks be made use of internally and externally by all those involved (within the trade unions, for example, this includes the precise definition of tasks in a concept of partnership accepted by all the member federations in the European Trade Union Confederation - ETUC), the fundamental differences in how this basic model is actually implemented by the individual participants from one country to the next, even from one region to the next, and indeed how their will and the capacity to do so, cannot be overlooked.

How, then, can the conditions under which the European trade unions have approached the 'regional factor' be characterized in general terms? One initial difficulty involves the acquisition of a capacity for action and competence at this level. The key focus of trade union organization and influence is traditionally the shopfloor. This is where the question as to whether and why it is worth joining a trade union is decided; if unions gain a political basis here purely because they develop convincing positions on pay, working conditions and the exerting of influence within the plant or company, they can abandon any trade union demands to be taken seriously as a power factor in society generally.

¹ In Article 4, item 1 of the framework Regulation for the implementation of the Structural Funds it is stated that 'They [Community operations] shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies — including, within the framework of each Member State's national rules and current practices, the economic and social partner, designated by the Member State at national, regional, local or other level, with all parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the "partnership". The partnership shall cover the preparation and financing, as well as the *ex ante* appraisal, monitoring and *ex post* evaluation of operations.' *Official Journal of the European Communities*, L 193, 31. 7. 1993. See also Economic and Social Committee (1994) and Section 1.2.

The trade unions have fought throughout their history, on the basis of their shopfloor strength, to achieve agreements which relate to the specific sector or industry, or which are aimed at social improvements for workers, partly with direct involvement on the part of the State. Presence and the capacity to intervene in one form or another at national level are the 'classical' fields of trade union activity, and form the basic horizon within which goals are formulated. This is not the case with the regions. The only regions that have been accepted for a long time as an independent location for action and externally directed activities, and not just as an internal tier of trade union organization, are those where, as in Scotland, the Basque country or Catalonia, they have acquired a function as representatives or substitutes for the national level.

The basic situation in the other regions, however, with certain deviations in Germany on account of the federalist structure, is that the trade unions are only now beginning to discover the regional level as a field of trade union involvement, in just the same way as they are discovering the European level within the Union. The potential that exists here is almost completely untapped. Anticipating the regional studies that follow, one can state that a developed, quasi-federalist multi-level structure — from the regions and the national States to the Community — is a terrain that the unions have only just started to deal with.

A second problem which hinders the trade unions from acquiring competence in the regional policy field is not even confined to the region, although this is where it is manifested most extremely; we refer to the difficulties involved in representing interests at the territorial or geographical level at all. If the trade unions are to become a politically relevant factor at local or national government level, they will have to do more than simply project their factory-, company- or sector-related positions to the wider context. However, geographical boundaries and the allocation of competences have been fixed for decades almost everywhere. In most Member States, the regions are still in a process of self-definition; for the trade unions to relate to this process and represent the interests of their members on the territorial plane demands additional shaping

force on their part as well as the capacity to anticipate developments — thus integrating and utilizing the mutability of State structures. An essential requirement that must be met if the trade unions are to acquire territorial competence, particularly with respect to the regional dimension, is the ability to integrate living and working conditions both at work and at home in their full, regional complexity, integrating them from the perspective of the entire labour force and the unemployed, and in this way to qualify as an actor who represents the interests of the working people as a whole in an authentic and unmistakable way, together with all the contradictions, crises and development potentials that this involves.

The relevance of different models of trade union organization

Defining the task in these terms also raises the question as to which of the existing models of trade union organization is more liable to facilitate the appropriation of these fields and how it is that other models place too many obstacles in the way of filling the gap. The ideal typical form of trade union organization we found in the 'Latin' countries is one where the respective confederation or trade union congress exerts a kind of regulatory or controlling influence on the sectoral unions. Here, the individual member is first and foremost a member of the federation, and if he happens to be a metalworker then he is also a member of the relevant single union. In the United Kingdom and in Germany, in contrast, it is the single unions that predominate; one joins one of the single unions, which independently organize collective bargaining — the traditional core of trade union work. The federations are responsible for coordinating the various unions and function as spokesman for the whole trade union movement in the social and political spheres. The membership of the trade union federations are comprised of the individual unions, and not the individual trade union members themselves.

If we compare these two organizational forms with respect to their affinity for dealing with regional policy issues, it is easy to see that the trade union structures which have developed in the 'Latin' countries show a greater aptitude for

tackling such issues.¹ Linking problems at enterprise and sectoral level with general or territorial issues, at least at national level, is a common process of internal will-formation within these trade unions. The point at issue, however, is how to transfer this approach to the next tier, the horizontal level of the regions. The essential benefit referred to here is actually balanced out, however, and even reversed, due to the vertical split within the trade union movement into separate and competing unions organized along political, religious or other lines. This effect of this split is that the process of qualifying trade unions for regional policy competence must be carried out not only for the entire trade union movement in the country, but also two, three or more times in parallel — with each union seeking in the process to build its own image *vis-à-vis* the others. One does not need detailed knowledge of the respective situation in each country to realize how tight the internal limits on resources must be. Put another way, it is clear that every step towards rapprochement or amalgamation of such unions will indirectly increase the scope for acquiring regional policy competence.

The structures of the German and the British trade unions are similar with respect to the predominance of the sectoral organizations and the principle of the single union, which nobody appears to call seriously into question. In the German case, however, the federalist State structure has ensured that the federal and *Länder* levels have had equal rights in discharging the coordinating and socio-political functions of the *Deutscher Gewerkschaftsbund* (DGB), at least in principle. Problems are created by the highly arbitrary territorial subdivisions of the single unions; these can often be traced back to the first years after 1945, and also vary exceedingly from one organization to the next. Even more detrimental is that the single unions' focus on collective bargaining leads almost inevitably to the

¹ The Economic and Social Committee took a similar view when it stated that in countries 'where the confederation prevails over the sectoral organizations, greater attention is paid to general and regional issues. Conversely, where sectoral organizations predominate and the role of the confederation is to provide political leadership and coordination, priority is given to collective-bargaining policies'; *Eco-soc*, item 2.2.8.1.

complexity of the regional dimension being underestimated. Rather than perceiving it as a systematic networking of all social fields, the single unions can only interpret it as the result of pay, working conditions and a certain amount of co-determination regarding investment decisions by companies. The representatives of the DGB, on the other hand, from the local districts and regional associations to the *Länder* organizations and the federal level, run the risk of laterally inverting the problems in their respective area, seeing them as primarily societal issues and not sufficiently as workplace-related expectations and demands on the part of trade union members. Both forms of bias represent obstacles preventing the gains in regional policy competence and influence that are so urgently needed.

The problems already mentioned apply in a similar way to the British trade unions, although exacerbated still further in two respects. Not only do the subdivisions of the single unions vary territorially, there are also many overlaps between the organizational and company-level 'catchment areas', with all the inner-union competition this entails. The lack of any regions with independent constitutional status, apart from the special cases of Scotland and Wales, means for the Trades Union Congress (TUC) that establishing a capacity for action at the regional level is especially complex if there is no State body or even social partner to address.

It would be futile to speculate, on the basis of this deliberately schematic comparison, about where and under what conditions the regional policy deficits in each of the two organizational models can be overcome more quickly. All the case studies in this investigation show that such a process will not be a linear one, but will take place at different levels of intensity from region to region. This applies for each of the Member States. The points discussed so far, however, have shown that the regionalization process will be accompanied by a much greater need for changes than could be dealt with by merely adding another level of organization, and no less so for the trade unions than for the Member States of the Union and their respective societies.

1.2. EU regional policy

Structural policy, in particular regional support, has become one of the most important policy fields in the European Union. Its relevance can be seen, firstly, in the volume of funding for structural support, which in 1992 was more than a quarter of the Union's entire budget. Secondly, the Union has obtained extensive competences in this policy field, and is able to exert a major influence on the design and scope of regional support measures in the Member States. At the same time, regional policy is one of those areas in which attempts are being made at European level to shape market integration through political initiatives and to intervene in the economic process.

The formation of European regional policy

In the first years of the Community's existence, regional policy was a subordinate issue. It was not mentioned explicitly in the Treaties of Rome which established the Community. In the preamble to the EEC Treaty, there is only the objective of supporting 'harmonious development' of the participating economies. Specific instruments for influencing economic structures to achieve regional objectives did not exist at that time. Community regional policy did not really come into existence until the accession of the United Kingdom, Ireland and Denmark in 1973, which then led in 1975 to the creation of the 'European Regional Development Fund' (ERDF). However, the principal motivation behind the establishment of the ERDF had little to do originally with regional

policy as much as the United Kingdom's insistence on a reasonable pay-back on its contributions to the Community. Expenditure on agriculture was the largest item in the budget, but the United Kingdom profited to a less-than-average extent from these subsidies. Regional support was therefore motivated first of all by fiscal considerations, aimed at facilitating the political consent of the British population to membership by means of a return on payments.

This motivation on the part of the United Kingdom coincided with Italy's interests as well. Years of effort at overcoming the north-south gradient had not achieved any real effects, so asking for Community support was a natural solution. Despite these negative conditions, the foundations were laid at that time for what in later years was to become an increasingly important involvement on the part of the Community.

The circumstances which surrounded its introduction exerted a decisive influence on regional policy during the first years. Some delayed impacts can still be felt today. Two types of region were defined as eligible for support — regions lagging behind in their development (to provide assistance to southern Italy and Ireland), and regions suffering from industrial decline (to provide support to areas in the United Kingdom). Structural support also functioned as a kind of financial equalization between the Member States, thus reducing the political significance of regional support. Structural assistance served as a form of compensation for real or presumed disadvantages suffered as a result of integration. Regional policy objectives played a secondary

role in this connection. However, the mere fact that the policy attempted to remove regional disparities can now be seen as an important step towards integration. The aim of balanced development mentioned in the Treaties of Rome was now being realized for the first time through practical action. The inclusion of declining industrial regions in the regional assistance programmes was new political terrain for most of the Member States, which in view of the worsening sectoral crises and the regional problems they created meant a significant development of regional policy as it had been practised to date. In the years that followed, the Commission provided ample proof that the powers granted it in this area were well capable of being extended.

However, the political circumstances outlined above had consequences for the specific shaping of regional support. The ERDF funds were distributed according to predefined national quotas to central governments, who then decided at their own discretion how to use the funds. The Commission could only try, through recommendations and non-binding directives, to exert influence on how regional support was carried out in practice. The level of funds was not based on regional policy needs, but was determined by the volume of intra-Community redistributions. It was therefore not surprising that the regional support provided by the Community remained relatively ineffective given these circumstances.

The reform of the Structural Funds in 1987/88

Against the background of the substantial growth in regional disparities within the Community which occurred on Greece's accession in 1981, the Commission succeeded in implementing major reforms that led in 1987/88, following the further widening of disparities caused by the accession of Spain and Portugal, to a far-reaching reform of the Structural Funds.¹ These reforms were necessitated by the obvious inefficiency of regional support. In order to improve it, regional policy measures were to be integrated within comprehensive development programmes

¹ The procedure adopted by the Commission shows features typically for other instances in which the Community's competences were extended beyond the rights defined in the Treaties. See Tömmel (1992).

involving local decision-makers within the regions themselves, and allowing for greater consideration to be given to Community objectives — which do not necessarily coincide with national objectives. The Commission succeeded in establishing Community initiatives as the key instruments for implementing these measures. A small proportion of the ERDF was then allocated within the Community support frameworks, and not just as the Member States themselves saw fit. This meant that the Commission could support the achievement of its own objectives with the aid of financial incentives. The integrated Mediterranean programme was particularly important in this context, becoming a test case for trans-national and programmed structural policy. The main areas of support were related to infrastructure, while attempting at the same time to integrate environmental aspects as well.

The 1988 reform provided a completely new basis for the Community's programme of structural support, a basis that was only slightly modified by the 1993 reform. It was made politically feasible by the agreement to establish the European single market. The less-developed Member States were able to achieve a marked increase in the volume and quality of regional support, as compensation for disadvantages produced by the integration process, and as the price for their agreement to the Single European Act (SEA). This improvement in regional support was manifested in three ways:

- The amended version of Articles 130a to 130e placed much greater emphasis on the objective of economic and social cohesion.
- The volume of funds available for regional support was doubled for the period 1989 to 1993 compared to the medium-term financial planning in the Delors I package of 1987.
- The 1988 reform of the Structural Funds also involved a fundamental revision of their main principles and areas of focus.

The 1988 reforms established five principles, namely the concentration of assistance on the neediest regions, the improved administration of the Funds, the additionality of European regional assistance, partnership between the various authorities concerned and, finally, the simplifica-

tion of interventions through the obligation to develop regional and national development plans. At the same time, five priority objectives were defined for the Union's structural support to follow. The most important objective is Objective 1, where the aim is to promote the development and structural adjustment of regions whose development is lagging behind; Objective 2 is to convert the regions or parts of regions seriously affected by industrial decline, and finally Objective 5b, is to promote the development of rural areas. All these objectives have a specific regional focus and require that regions be eligible to receive assistance. The other objectives enable support measures throughout the territory of the European Union.

The reforms succeeded, partly against the resistance of some governments, in laying down many progressive elements as binding on all parties. The most important of these were the transition to programming — embedding individual projects in development plans — the involvement of the regions, and the coordination of different support frameworks. These changes also meant a paradigm shift in the field of regional policy. Support for endogenous potentials became a central aspect of support policy. Structural assistance is granted through a procedure in which the Member States, the Commission and the regions all participate over the entire period of the measures. In addition, Community initiatives continue to exist as a means of supporting specific objectives at Union level alongside regional and national development plans, and regional and national interests. Funds totalling between 10 and 15% of the ERDF are earmarked for such programmes.

At the same time, the Commission is making greater efforts to block support measures that are not compatible with the new concept. Two instruments are important in this connection. On the one hand, the eligibility of a region for support must be established by the Union. In order to ensure a concentration of support measures on those areas which are most disadvantaged, the Commission endeavours above all in the economically stronger States to keep the level of assistance as low as possible. The number of areas in West Germany receiving support has been radically reduced since the mid-1980s. Whereas

previously about half the German population lived in supported areas, this figure is now less than 30%. Secondly, the Commission is now making intensive use of its right to control subsidies, as laid down in the section on competition policy in the EEC Treaty, in order to prevent State subsidies that are undesirable from the regional policy perspective.

On the whole, structural support has now reached such a level in the neediest regions of the Community that one can assume it contributes to the reduction of regional disparities in the Union, or at least prevents their widening any further. However, there is no disputing that structural support is much too limited to produce equal living conditions throughout the Community. 'Under favourable conditions, the additional funds might help the weaker regions to take a better economic development path' (European Commission (1991a)).

Two weaknesses that the trade unions, among others, have repeatedly criticized were not removed by the 1988 reform, however. It was not possible to have the social partners included, through the principle of partnership, as obligatory partners in the organization of regional support. According to a large-scale study carried out by the European Trade Union Confederation and its research institute, only some individual regions provide opportunities for participation, and these depend on the goodwill of regional decision-makers. The trade unions are thus effectively excluded from this political field, despite its importance for employment. In the meantime, the demand for participation in all phases of regional structural policy — from planning and implementation right through to evaluation — is broadly supported within the European trade unions. Opportunities to participate should exist at all territorial levels. A specific demand levelled at the address of the Union is that the unions be given representation on the 'Advisory Committee on the Development and Conversion of the Regions', which so far has only comprised representatives of the Member States, the Commission and the European Investment Bank. Similarly, the Union should exert pressure on its Member States to involve the social partners within the various countries in the design and implementation of structural policy, for example through

consultative rights in the regional monitoring committees for implementing the support measures (ETUC/ETUI (1993)).

On the other hand, structural policy has not entirely thrown off its original compensatory function. This is seen above all in the fact that regional support is conducted in isolation from other areas of Community policy. There are no systematic links with technology, environmental and transport policy, or even with general economic and monetary policy (WSA (1992)). To that extent, it is reactive in orientation. Regional policy does not come into effect until regional crises have already arisen, sometimes as a result of other political decisions taken by the Union. There are only weak elements of a preventive and proactive shaping of structural development.

The Union's structural policy since the Maastricht Treaty

As was also the case with earlier steps towards greater integration, the Maastricht Treaty involved a further intensification of structural policy efforts. The two deficits in the 1988 reforms were subjected to analysis, and the objective of economic and social cohesion given explicit mention in the Treaty. For the first time, in Article 130a, reducing the disparities in the development of the regions is defined as a Community objective. The Cohesion Fund was established for the four weakest Member States — Greece, Ireland, Portugal and Spain. This fund, amounting to ECU 1.5 billion in 1993 and rising by approximately ECU 2.5 billion per year until 1999, is intended for infrastructural measures and investments in environmental protection. The money is not assigned on a regionally specific basis, but placed at the disposal of the national States. The Treaty also specified that these operations be monitored and reviewed where necessary.

This upgrading of structural policy follows the normal pattern for achieving consensus within the Union. The weaker Member States receive financial compensation for participating in the integration process, thus assuring them of a share in the positive effects of integration. At the same, expenditure remains time, within calculable and relatively low margins for the richer Member

States. The latter States also retain a high degree of political control over the appropriation of the funds. The demands raised by Spain during the negotiation of the Treaty for a general system of financial equalization — in the form of a global budgetary supplement not tied to any particular objective — were not accepted by the other Member States. As spokesman for the weaker Members, Madrid was attempting to achieve both higher equalization payments as well as greater autonomy for the recipient countries with respect to the appropriation of funds. The Cohesion Fund can only be seen as a first step in this direction.

The increases in Structural Funds that were agreed upon in principle during the Maastricht negotiations were made concrete during tough negotiations at the summit meeting of the Council of Ministers in Edinburgh in 1992. The starting point was a Commission proposal for medium-term financial planning up to 1997, the Delors II package (see European Commission (1992a)). The reorganization of financial arrangements was made necessary not only by the Maastricht Treaty, but also by the expiry of the financial plans for the period up to 1992. The Commission forecast saw a clear upgrading of the budget by over 30% by 1997, with half of the new funds dedicated to structural support. This would have meant a doubling of funds received by the weakest Member States. According to the projected figures, a total of ECU 29.3 billion should be spent on structural policy in 1997, the greater proportion being reserved for the weakest regions.

What is striking is that structural support, in the Delors II package as well, is determined in relation to the superordinate objective of strengthening the competitiveness of Western Europe *vis-à-vis* the USA and Japan. In the opinion of the Commission, a successful and dynamic economy is the precondition that must be met if strengthening economic and social cohesion is not to remain an empty promise (European Commission (1992a)). Competition between the three main zones within the global economy as the major force powering west European integration is clearly evident in this chain of argumentation. However, it is also apparent that any redistribution of solidarity within the Union can only be

achieved politically if it involves the redistribution of growth.

Criticism of the Commission proposal was voiced as soon as it was published. The rich Member States and Germany especially, attacked the size of the planned budget increases. Given the universal need to limit public spending, any such increases were exaggerated and politically unacceptable. The medium-term financial plan was finally accepted after substantial cuts were made to it. Structural support for the weakest regions was still almost doubled, as originally intended, but was not to be fully realized until 1999. The limitations of intra-Community solidarity have therefore been clearly marked out, at least for the next few years.

As stipulated by the Maastricht Treaty, the Structural Funds were subjected to review in 1992 and 1993, although in the end only minor amendments were made to the regulations in force since 1988 (European Commission (1993a)). In the following, only those changes that are particularly important from our viewpoint are discussed.

Firstly, the objectives themselves were modified. The new Objective 4 deserves special mention, namely 'facilitating the adaptation of workers of either sex to industrial changes and to changes in production systems'. In addition, the twin objectives of combating long-term unemployment and youth unemployment were combined into one objective. Finally, the criteria defining Objective 2 areas (regions suffering from industrial decline) and 5b regions (rural areas) were extended in such a way that a decline in employment in the fisheries sector or related industries can lead to eligibility for support.¹

What is striking here above all is that the new Objective 4 now opens up the possibility, albeit on a very limited scale, of pursuing a prospective form of structural policy, in that labour market instruments can be eligible for support before the workers affected are made redundant. At the same time, this provision acknowledged how cru-

¹ The enlargement of the Union to embrace the Scandinavian countries and Austria necessitates a new Objective 6, aimed at combating the special problems of the sparsely populated and climatically unusual regions in northern Scandinavia.

cially important it is to develop human resources and provide further and continuing training if structural changes are to be coped with. This corresponds to the amendment of Article 123 in the Maastricht Treaty, which modifies the purposes of the ESF. The Social Funds can now be used to 'facilitate the adaptation [of workers] to industrial change and changes in production systems, in particular through training and retraining' (Article 123, EC Treaty).

Table 1.1

Breakdown by Member State of the Structural Funds' appropriations for the Community support frameworks under Objective 1, 1994-99
(million ECU)

Member State	Contribution
Greece	13.98
Spain	26.30
Ireland	5.62
Portugal	13.98
'Cohesion States' — total	59.88
Belgium	0.73
Germany	13.64
France	2.19
Italy	14.86
Netherlands	0.15
United Kingdom	2.36
Other Member States — total	33.93

Source: *Official Journal of the European Communities* L 280/32.

The new Objective 2 areas have not been defined as yet. However, it is certain that West Berlin will only find automatic inclusion in this support category until 1996. After that, as with all other areas, its status will be reviewed on the basis of pre-defined criteria. In accordance with the principle of concentrating on priority regions, 70% of structural assistance will go to the Objective 1 areas,² 15% is assigned for Objective 2 and 9% for the Community initiatives. The periods for the development plans are six years in

² The redefined Objective 1 now applies to the following areas: Hainaut (Belgium); Brandenburg, Mecklenburg-Vorpommern, East Berlin, Saxony, Saxony-Anhalt, Thuringia (Germany); Greece — the entire country; Flevoland (Holland); Andalusia, Asturias, Cantabria, Castilla-León, Castilla-La Mancha, Ceuta y Melilla, Valencia, Extremadura, Galicia, Canary Islands, Murcia (Spain); the French overseas *départements*, as well as Corsica and the *arrondissements* Avesnes, Douai and Valenciennes; Ireland — the entire country; Abruzzo (1994-96), Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily (Italy); Portugal — the entire country; and the Scottish Highlands, Merseyside and Northern Ireland (United Kingdom).

the case of Objectives 1, 3 and 5b, but only three years for Objectives 2 and 4. The support frameworks will be more directed in future at environmental soundness and the principle of equal opportunities for men and women.

Three aspects of the reform are worthy of mention for the bearing they have on democratic control and participation. Firstly, the participative rights of the European Parliament have been enlarged. Previously, its information rights were limited to an annual report on the commitment appropriations of the Structural Funds. In future, Parliament must be kept fully informed on a regular basis, and before Community initiatives come into effect. If one considers that Structural Fund expenditure is not obligatory expenditure by the Union, and must therefore be approved by Parliament, then it is clearly apparent that the latter's opportunities to participate in structural support have definitely improved, even if more extensive powers of control and influence would be desirable.

Secondly, the principle of partnership has been extended to include the participation of the social partners. Because of the determined resistance put up by the Member States, however, no agreements have yet been reached anywhere in the Union on binding modalities for participation in the regions and Member States, nor on representation of the trade unions and employers' federations on the Advisory Committee on the Development and Conversion of the Regions. The compromise agreed upon guarantees instead that the respective institutional, legal and financial authority of all those involved in the process will be respected. This means in effect that the precise form and extent to which the social partners are integrated is at the discretion of the individual Member States. Thirdly, the monitoring committees for the various operational programmes, set up as practical applications of the partnership principle, will receive more competences. Within pre-defined limits, they are now authorized to change specific modalities of the Community's financial involvement where this will have positive effects on the measures in question. The fact that any participative rights at all were conceded is something of a victory. The cardinal issue in future will be the extent to which these rights are asserted by the regions over the next few years.

Summary

Any summary assessment must confirm that the structural support provided by the European Union has meanwhile achieved an independent dimension of its own. Despite the typical bargaining rituals when the reforms were being debated, the compromise arrived at goes beyond the principle of compensation that used to apply. At the same time, the Union has demonstrated its capacity to achieve a consensus that gives adequate consideration to the interests of the individual Members. The level of funding will reach substantial proportions. In 1999, structural assistance will amount to more than ECU 30 billion, of which about three quarters will flow into the less-developed regions. The financial dimension of European structural policy will therefore be of major significance for the weaker States. Even in 1993, structural support for Portugal, Ireland and Greece accounted for between 2.7 and 3.7% of the respective GDP.

Similarly, further improvements have also been made to the content of structural assistance. In qualitative terms, the Community's system of regional support frameworks are an excellent model that should be followed elsewhere. A greater level of trade union participation in the support measures would make sense, although the new regulation does provide for very extensive participation if the Member States are willing to permit it. By integrating further and continuing training measures, the Union has taken another step forwards in the practical integration of different political fields in its programme of regional support. There is now a greater focus on prospective structural policy, a factor that is particularly important in relation to the development and application of regional models (see also Chapter 5). More could be done in this area, however. In particular, there is still no systematic coordination with other political fields within the Union. The convergence stipulations within the process of economic and monetary union are exceedingly important, but contradict to a certain extent, as they are currently interpreted, the need for redistribution as defined by regional policy. Strict budgetary discipline and high interest rates in order to protect one's national currency or for

preventing the flight of capital narrow the scope for political action, for example to improve the infrastructure of less-favoured regions, and raise the cost of investments urgently needed to boost economic development. This gives rise to the

threat of the Union failing to achieve its self-professed aim of reducing regional disparities and strengthening economic and social cohesion, despite the extensive commitments it is making in the structural policy sphere.

1.3. Theories of regional development and the concept of sustainability

The typology of the Euro-regions

Analysing the socio-economic condition of the European regions will reveal major differences between the dynamic centre situated along the much-cited 'blue banana',¹ and the peripheral areas of the Union. The gross domestic product per capita in the 10 most powerful regions of the European Union is three times that of the 10 weakest regions. Similar disparities exist with regard to the regional distribution of unemployment. In 1990, the unemployment rate in 12 regions of the Community was less than 3%, compared with more than 15% in 19 other regions (European Commission (1991a)).

Even before they formed or joined the European Community, many of today's Member States were already implementing their own policies of regional equalization, especially where considerable regional disparities existed. One well-known example was Italy's Mezzogiorno policy, which was aimed at bringing the structurally weak south up to the same standard as the 'rich' north. Regional equalization is an aim at the national political level in the other partner countries as well, and indeed is often written into the constitution. A whole range of instruments are available, specifically geared to the regional problems of the respective country.

The subdivision at national level into prosperous regions and structurally weak regions needing

assistance requires some qualification when an overall European perspective is taken. The 'rich' regions in Spain still rank behind the 'poorest' regions of the United Kingdom within a European comparison, and the eastern States in 'prosperous' Germany are among the weakest regions in the whole of Europe (European Commission (1991a)). If one uses the Community's support for regions lagging behind in their development (Objective 1) to characterize the structurally weak regions, one can identify a U-shaped 'poverty belt' beginning at the coast and stretching from the new *Länder* in Germany, across the entire southern Mediterranean area, over Ireland to the Scottish Highlands and Islands.

In addition to the basic problem of regional disparities, political actors were confronted during the international economic crisis that followed the oil-price shock with a new and hitherto unknown regional problem. It was this crisis that led to a whole series of highly industrialized regions suddenly facing the problems of structural change and the threat of decline. This new regional problem, the traditional industrial region facing serious decline, was mainly to be found where the coal mining, steel, textile and shipbuilding industries were particularly strong, above all in the industrialized countries of the continent. However, the 'industrial growth centres' created in the structurally weak regions were also afflicted by the same malaise, changing unexpectedly from areas with hopes of 'catching up' to locations with declining industrial sectors and all the ballast that implied.

¹ See Brunet (1990) on the history of the term.

Table 1.2

Main characteristics of the regional types

Type of region	Characteristics
Structurally weak regions	Lagging development Peripheral location High unemployment
Traditional industrial regions	High level of development Dominance of industry Socio-economic stagnation High unemployment
Prosperous regions	High level of development Economic growth Less problematic labour-market

The European regional policy reforms were a reaction to this problem, and included special assistance for declining industrial areas under Objective 2. Despite this diversification of regional policy instruments, the policy of regional cohesion pursued by the Commission is essentially aimed at regional equalization.

Outline of the current debate within regional studies

The starting point for any regional analysis is the regional disparities. Research interest centres on issues relating to regional equalization, but because this must naturally occur at the higher level in each case, the process of catching up can only be completed with any certainty if those regions lagging behind in their development achieve higher growth rates over the long term. Neo-classical and Keynesian approaches are remarkably similar on this point, and in their theoretical premisses and socio-political aims (Nohlen/Schultze (1985)). Above-average growth is considered by both schools of thought to be the only meaningful option for regional policy. Their methodological differences, as in the debates on the macroeconomy, concern the supply and demand strategies; the notion of growth is dominant in both, however.

Applying a rough classification, one can state that supply-side approaches to regional development will lead to 'bottleneck' models, whereas demand-side approaches have led to models based on economic 'impulses'. Bottleneck models are based on the assumption that the region in question suffers from a lack of condi-

tions necessary for production and in the amount of production factors present in the region. Conditions of production include infrastructure in the widest sense, first and foremost, while production factors are capital, labour, management skills and level of technological development.

Impulse models are based on the assumption that growth must be 'stimulated'. This impulse can take the form of external demand, technical innovation or the location of industries which create a demand for goods and services within the surrounding area. Even if bottleneck models have mainly been applied within regional growth theory, impulse models have still achieved a dominant position within the regional studies debate. Further development or combination of these two approaches gave rise to a variety of development concepts that were applied to varying extents in the fields of regional and development policy. Promotion of regional enterprise according to the growth 'poles' concept was the predominant approach almost everywhere.

Until the economic crisis of the mid-1970s, the concept of growth 'poles' was successfully applied in various States which are now members of the Union. Industrialization as a development strategy also seemed to work out in practice at the regional level. The weaknesses inherent in this concept quickly became apparent when economic crisis led to a decline in expansionary pressure, however. Growth centres remained isolated within their regional economies. Moreover, enterprises which had been attracted to locate in such regions for structural policy reasons proved to be especially vulnerable to crisis. This regional development strategy was increasingly accused of being 'regional policy from above', and ill-adapted to regional circumstances.

The deficits of traditional regional policy can be summarized in three points:

- Regions lagging behind in their development rarely succeeded in genuinely strengthening the competitiveness of their regional structures, whatever the quantitative growth they managed to achieve. On the contrary, the establishment of structures alien to the region promoted so great a dependence on subsidies, that the struggle today is often against a 'culture of dependency'.

- The industrialization option has lost any significance as a development concept for problem regions, due to the lack of redistribution funding needed to steer industrial locations into the problem regions. The traditional position of the structurally weak regions as low-cost production locations within the national or Community-wide division of labour has long been under pressure through international competition and especially with the recent opening of Eastern and Central Europe. Labour-intensive industries in particular, which have typically represented the industrial basis of the structurally weak regions, are now moving out of these areas to an increasing extent.
- Despite aiming at balanced development, traditional regional policies basically neglect the disadvantaged region. They are primarily focused on a competitive model in which economic growth is the only gauge of success. What structures are appropriate for achieving such growth was generally ignored as an issue.

Experience with these approaches led as early as the 1970s to new concepts which emphasized the need to adapt development to the 'endogenous potential' of the respective region. This concept was taken to mean that local and regional communities had to concentrate again on their natural locational benefits, their own industrial traditions, the specific skills of the local workforce, and the political aims and cultures of the region, in order to develop competitive advantages *vis-à-vis* other regions on the basis of these 'talents' (Spreer (1980)).

This new concept achieved broad acceptance because in principle it fitted in with different approaches to regional development. Neo-liberalists, centralists and regionalists alike could all refer to 'endogenous potential' as the development opportunity for each region, because in effect it could be combined with any of the main development strategies. The focus on endogenous potential was less of a radical change of course than a refinement of traditional concepts, with special emphasis being placed on 'helping people to help themselves'.

However, focusing on endogenous development potential meant that redistribution between the

regions continued to be necessary. The structurally weak regions still depended on additional resources and funds being transferred to them. In contrast to traditional concepts, strategies based on endogenous development feature much more participation by regional actors in decisions regarding the deployment of funds, since these strategies are based on a social concept according to which local people should be given responsibility for decisions affecting their own development.

Changing economic conditions had an impact on the regional policy debate during the 1980s as well. Change took the form of tougher competition between the regions to attract industry and investments, and the new European and international dimensions that were now added. In addition to the regional equalization aspect, regional policy was now perceived to a greater extent as 'regional competition policy'. Regional assistance was aimed at strengthening the competitiveness of the European regions, and in this way at ensuring internal cohesion and integration.

Development concepts focusing on technology and training acquire greater importance within this logic. Organizing technology transfers and creating an innovative climate for the regional economy are more and more at the centre of modern-day regional policy efforts. The level of skills which a region possesses is considered a key to its competitiveness; support for special training and retraining programmes are the natural response.

The regional level acquires a new significance in this context, in that only regional actors are capable of creating the regional networks and level of regional innovation that are required. The technological demands of the telecommunications society favour the 'bottom up' approach to regional policy that is increasingly advocated in regional research.¹ Regional development should be less concerned solely with the idea of growth (thus qualifying the 'catching up' aspect — priority should be given instead to the social and structural development of the region, in addition to the economic aspects).

¹ Nohlen/Schultze (1985) chose the term 'regiocentred development', obviously as an analogy with the notion of 'car-centred development' often applied in Third World research.

Sustainability as a model for regional development

The field of regional studies, as an offspring of development theory, owes many of its main hypotheses and theories to Third World research; the issue is how to translate the problems and strategies of developing countries to the regional dimension. Given the close ties that exist between the two disciplines as a result of the structurally similar problems they focus on, it should come as no surprise that the latest debates on ecodevelopment and sustainable development have also stimulated research in the regional studies field.

Publications on sustainable development have mainly referred to global interrelationships, such as the north-south divide. These approaches have only been taken up here and there by regional studies research. However, a number of writers emphasize that the model of a sustainable economy can only be implemented decentrally in accordance with the principle of subsidiarity (Dürr (1994); Busch-Lüty (1992)). The greater 'proximity to life' afforded by decentralized decision-making structures is thought to enable control over a society that follows the principle of sustainable development. In the following, we briefly examine the genesis of the sustainability paradigm in Third World research, in order to apply at least some elements of the sustainable development debate to the regions.

In the course of the 1980s, development theory distanced itself increasingly from the notion of 'delayed development', according to which the less-developed countries or regions are historical latecomers who have yet to complete the successful path already taken by the highly industrialized societies. The novel point in this critique was the doubt expressed regarding the ecological feasibility of 'catching up', which also embraced a general criticism of the expansionist-oriented model of world development. These objections were based on a widespread scepticism towards economic growth that then became widespread among the general public following the appearance in 1972 of the study by the Massachusetts Institute of Technology, entitled *The limits to growth*, in which the catastrophic long-term im-

pacts of current industrialism were plainly described.¹

This critique of the economic model for development gave rise to the alternative concept of 'sustainable development' that the Brundtland Report first introduced to international debate (Brundtland Commission (1987)). This term is often instrumentalized all too quickly within political debate, and misused as a catch-all term for one's own economic policies. The appeal of the sustainable development concept derives from the possible synthesis of economic progress and environmental protection it implies. However, the consensus regarding the need for sustainability generally collapses as soon as appropriate action is required as a consequence.

Development is 'sustainable', according to the Brundtland Commission, if it meets the needs of present generations without compromising the ability of future generations to meet their own needs and choose their own way of living. The demand that development be 'sustainable' applies to both industrialized and developing societies alike, but the perspective of such development is greatly endangered by the environmental degradation caused by the wealthy nations, and by the ecological destruction caused by underdevelopment in the Third World.

It appears impossible for environmental reasons to simply continue along the pathway of 'hard' industrialization. This form of economy and production threatens to impair or even destroy the biosphere for all humanity through environmental degradation and depletion of natural resources. The issue is not simply that raw materials are limited in supply and that the diversity of species is rapidly declining, but that the ecosystem has little remaining capacity to absorb the waste caused by human production. Action is urgently needed because the limits to the physical carrying capacity of the ecosystem are becoming increasingly visible.

Quite clearly, 'sustainable development' is not so much an exclusively technical concept, but embraces instead a whole collection of social value judgments (Harborth (1993)). The preservation of

¹ Other steps towards the formation of the sustainability theorem were the Global 2000 study (1982) and the Rio de Janeiro Environmental Summit (1992).

'natural capital' as the basic precondition for this type of development is at the same time a commitment to solidarity with future generations on the part of people now living. Closer analysis reveals that the concept of 'sustainable development' can be seen as the antithesis to the 'catching up' model for development. The idea of sustainability calls the model character of the industrialized regions fundamentally into question. The transfer of industrialized production from the industrial regions to all other regions would indisputably involve exceeding the entire system's ecological carrying capacity, and would lead to environmental and economical crises of unimaginable proportions.

Herman E. Daly names four general principles which any strategy aiming at the preservation of natural capital must satisfy:

- (i) The stress-bearing capacity of an ecosystem must determine in essence the extent and type of its economic utilization, especially in the form of upper thresholds.
- (ii) Technical progress must be geared primarily towards the minimization of energy and material consumption within the economic system; suitable economic incentives must ensure that research and development genuinely aim at this objective.
- (iii) The rate at which renewable resources are utilized may not exceed the rate at which the respective resource is naturally regenerated. This applies to both the extraction of raw materials and the output of waste and emissions.
- (iv) The rate at which non-renewable resources are utilized may not exceed the rate at which renewable substitutes are created (the 'El Sarafy' rule). (Daly (1991))

Some general conclusions can be derived from these rules with respect to regional development based on the principle of sustainability. Environmentally sound production requires a fundamental revision of regional 'guiding models',¹ three

¹ The concept of 'guiding model' lies between a norm-creating value and real experience, and embraces the idea of a 'guiding principle'. The guiding model for regional development originates internally and has an external impact — in contrast to models which are imposed from without on a society or region — and thus has direct links to strategies centred on 'endogenous' development.

different basic types of which are outlined in the following.

A new development model for the prosperous regions

The prosperous regions have a central role to play in the ecological reconstruction of industrial society, especially on account of their exemplary function for the structurally weak regions. People must think more in terms of cycles, in order to dismantle the obsession with exports and to achieve a stronger orientation to regional needs. Priority should be attached to the fields of energy, transport and the remediation of polluted sites, all of which are highly important for ecological reconstruction.

However, the prosperous regions bear responsibility not only for reorganizing their own economies, but indirectly for the material and technological support of the restructuring process in the less-favoured regions as well. In view of the economic and ecological links between the various regions, a sustainable economy cannot be achieved in geographical isolation. Support for ecological renewal in the structurally weak regions is not simply an act of solidarity, but is in the vital interest of the prosperous regions themselves.

New pathways for the structurally weak regions

The importance of environmental potential in sustainable development concepts represents an important opportunity for structurally weak regions, which often have considerable natural wealth, at least in the EU. The disadvantage of peripherality or geographical isolation often complained about can turn out to be a real environmental trump card for such regions. This leads to a new justification for transfers from richer to poorer regions. Economically weak, but environmentally rich regions are guardians of our natural resources. They can relieve the pressures on the prosperous urban agglomerations, through tourism and recreation, or by supplying them with water, for example.

The negative experiences with the artificial creation of large-scale industrial complexes, or

'growth centres', show that it is neither meaningful nor feasible to develop the structurally weak regions by decree 'from above'. Development with any real basis is only possible if the strengthening of economic facilities is backed up by a change in social structures.

The structurally weak regions should be given the chance to choose independently their own development model, but to do so they need an identity of their own and democratic structures appropriate for the representation of interests. Modern regional policies must provide increased support for these immaterial but at the same time crucially important growth factors. Achieving regional cohesion is not primarily a question of assuring the same domestic product per inhabitant; different subjective feelings arising from different cultural or social value systems must also be given consideration. Such differences are obviously very difficult to quantify or to record with bureaucratic means. A practical solution to the problem can only be found if one also sees larger regional differences in GDP as an expression of different socio-economic conditions felt and experienced as such, and if one is prepared to equalize these. The acceptable level of inter-regional difference is ultimately a political question (Biedenkopf (1992)).

Acceptance of regional differences does not mean that the richer regions can escape from their responsibility for the poorer regions. To achieve cohesion at national or European level, it is essential that support be given to the equalization of living standards. Quantitative convergence is not enough. The Community's regional policy correctly stresses the need for socially based cohesion.

Necessary correctives in the traditional industrial regions

It is particularly obvious in the traditional industrial regions that the developmental path taken so far is threatening to lead not only into an environmental dead-end, but also an economic one. Preserving natural capital is one important task, but so is remediation, primarily by correcting environmental damage already caused.

The environmental situation in the traditional industrial regions is generally much worse than in

the other regional types. The impact of industrial production on the environment was often accepted in the past as the inevitable price to pay for economic prosperity. This environmentally hostile notion of economy continues to predominate in many of these regions. Awareness is slowly dawning — among trade unionists — that a healthy environment is an indispensable basis for economic well-being.

The new development model adopted by the European Commission

In its White Paper on growth, competitiveness and employment (European Commission (1993b)), the European Commission raised the demand for a new model of 'sustainable development' to one of its own principles. In an analysis of the Community's current model of development, the main problem is identified as the imbalanced utilization of available resources — too little deployment of labour, excessive deployment of environmental resources.

The Commission believes that the only way to solve the Community's environmental and employment problems is to apply an alternative strategy based on increasing labour-intensiveness, i.e. increasing the ratio of labour to capital while reducing the amount of energy and natural resources consumed. The core element of this new strategy is to support 'clean' technologies, and thus to enhance the competitiveness of European industry while reducing dependence on energy and raw materials. The Commission assumes that the scientific knowledge needed for the ecological reconstruction of society is already available in many areas, but that this knowledge has not been applied to any adequate extent.

The transition to a new model of environmentally benign development is to be achieved through market incentives, in particular by imposing taxes on negative environmental impacts and granting support to investment in environmental technology. The key task is to evaluate systematically the existing range of economic and industrial instruments, applying the basic ecological and economical principle that all external costs must be included in market prices.

The Commission's strategy should be understood as one of 'ecological modernization'; the problems we are confronted with represent a severe threat, but they can be brought under control. The strategic emphasis is on support for innovative technical solutions, principally in the fields of resource savings, the development of substitute materials, recycling and other preventive forms of environmental protection. However, one criticism of the strategy is that no reference is made to the question of whether a fundamental change in economic and societal structures will be needed, and hence also the right kind of 'economic awareness'.

Nor is any closer consideration given to the effects that the single market is having on the environmental situation in the separate regions. One can assume that in future the different environmental costs incurred at regional level will have a considerable impact on the location of highly contaminating industries. Liberalizing markets leads not only to the problem of ruinous competition between social standards, but also to the threat of 'eco-dumping', i.e. negative competition resulting in ever-lower environmental standards. It is questionable in this connection whether this undesirable development can be avoided through market-related incentives alone, or whether the Community has instead to support its own guiding model of sustainable development by deploying tougher regulatory measures.

Consequences for the Union's regional structural policy

The new guiding model for development put forward by the Commission has already led to consequences in the EU's regional structural policy. One had initially contented oneself with a general reference to deployment of the Structural Funds having to comply with other Community policies, and implicitly with the Community's en-

vironment policy. In the framework Regulation for the current support period (1994-99), this basic principle was specified in more detail, with Article 7 placing special emphasis on 'compliance with the Community's environmental policy'.¹ The amended Regulation introduces new binding rules. In the regional development plans for assisted areas, the environmental situation of the assisted territory must be assessed and the impact of the proposed measures evaluated according to the principles of sustainable development. Support frameworks must also specify the regulations imposed by the Member States for ensuring that their environment authorities monitor the various phases of programme implementation.

The growing weight of environmental considerations in the Community's structural policy can also be seen in the concepts behind the new Cohesion Fund. These resources for supporting the regions in the weakest Member States of the Community are all tied to specific objectives. The Cohesion Fund therefore serves to develop communications and transport networks, but also to protect the environment.

Despite this increasing focus of regional support mechanisms on environmental criteria, there is no guarantee whatsoever that regional economies will be reconstructed according to the guiding model of sustainable development. The new paradigm must be understood and implemented at all levels of the Community. This demands more than an ecological reorientation of regional support frameworks and an environmentally acceptable realignment of all Community policies; equally essential is that the Member States, the regions and their social actors all make a full contribution to achieving this aim.

¹ The amended Regulation keeps to the principle of compliance with other Community policies, with particular stress on environmental policy, competition policy, the regulations for the granting of public tenders, and the principle of equal opportunities for men and women.

1.4. The constitutional status of the regions

Regional awareness and regional identity

The region¹ as a territorial reference frame can be identified through a number of common elements. The European Parliament refers in this connection above all to the language, culture, historical traditions and economic interests of a region.² The assumed existence of unitary regional cultures and identities is difficult to corroborate, however, in view of the heterogeneity of social and economic conditions. What is certain is that the significance that social actors attach to 'their' region is a critical element in the shaping of their political strategies. For that reason, regional culture and identity are central factors for the development of regional reference systems, over and beyond the formal level of institutional rights and competences.

Increasing internationalization and globalization at economic and socio-cultural level induce a counter-tendency towards the formation of localized awareness structures. Identification patterns located exclusively at the national level appear less and less adequate, and are increasingly supplemented nowadays by regionally-based identities. A specific regional culture can be said to exist when regionally specific patterns of thought, emotion and action condense within the historical process to such an extent that clear cultural differences arise between a certain re-

gion and its neighbours. Awareness of regional identity and regional culture can be engendered in that process, without these forms of behaviour being subjectively perceived by the regional population and interpreted accordingly. A discrete regional culture only becomes apparent when a region demarcates itself from its neighbours and their different socio-cultural characters. Regional attachment can therefore be much more clearly perceived by outsiders than by the local population itself.

When awareness of regional identity is subjected to analysis, different gradations can be empirically identified. Different historical traditions, degrees of regional autonomy or legitimation condition a broad spectrum of regional identities, ranging from the general absence of any regional awareness in many purely administrative 'planning regions' in the United Kingdom, to the 'historical nations' like Scotland or Catalonia. The former represent a form of decentralization instituted for administrative expediency as 'regionalization from above', with administrative or statistical aspects being uppermost. These regions are the complete opposite of those historical regions where the region has a powerful identity within society and the awareness of the social actors.

Regional nationalism

In regions with strong historical traditions, knowledge of one's regional roots conveys a sense of regional identity. This awareness is acquired above all through socialization (Schmidt (1970)); however, it is also 'reinforced or given added

¹ The etymological root of the word region, *regio*, means 'area' or 'landscape', see Voss (1990).

² See European Parliament, Session Document, PE DOK A 2-218/88 B of 21.10.1988.

'resonance' through manifestations of unique national characteristics, such as language, institutions, etc., or obtains a tangible focus through these elements' (Sturm (1981)). In the traditional region, such awareness can be influenced by political interpretations and mobilization extending beyond demands for regional autonomy to forms of political regionalism with separatist leanings, powered by 'regional nationalisms' based on linguistic and/or ethnic differences. Nationalist currents of this type strive for an independent sovereign State, and consequently the cutting of all ties with the central State. Regional identity then becomes nationalism, with all its common features, for example the principle that national interests are superordinate to all other interests (see Hobsbawm (1990)). The mechanisms of nationalism are no different in this respect from regional 'nationalism'.

Between the two poles of purely administrative decentralization and regional nationalism are different forms of regional identity-formation. Regional awareness is always a mutable principle that develops in historically defined epochs in relation to a particular territory. In the ideal case, the political and regional units are identical. However, the case of Scotland shows that highly developed patterns of regional identification can exist at the socio-cultural level, with the population perceiving itself as a national unit, even when there are no corresponding institutions at State or administrative level.

The regions in this study include three examples of regional identity where one can speak of a regional nationalism. In Scotland there exists a strong national awareness that is far more widely disseminated within the population than simply among some overt Scottish nationalists. Scotland's independence within the United Kingdom and the feeling of belonging to an independent nation are firmly anchored in the minds of the population (Storrar (1990), Finlayson (1987)). Today, this awareness is nurtured by Scotland's right to its own institutions. Such as the 'Kirk' of Scotland or other spheres of public life.¹ These

¹ The most important of the traditional institutions go back to the Anglo-Scottish Treaties of 1707 (Union of Parliament). Of particular importance, besides the Scottish Church, are the Scottish legal system, its education system, the system of local government, the Scottish Office (which has existed since 1885), the Scottish MPs in Westminster, and, since 1863, the Scottish Football Association; see Wormland (1981).

factors preserve identity, in that they relate to Scotland as a discrete territorial framework and communication space, constantly reminding all actors of their identity as Scots. The Scottish mass media, too, play a special role as guardians of Scottish cultural identity.

In socio-cultural terms, Catalonia is more of a 'nation' within Spain than a region. The independent historical development of this coastal region has always been shaped by the geographical conditions of the Iberian peninsula, the natural barrier of the inland mountains and the traditional orientation to the sea and the islands (Vilar (1962)). These geographical and historical peculiarities favoured the formation of a separate language and culture that have survived intact to this day. Even under the Franco régime, the Catalans resisted being reduced to an oppressed minority on their own territory that would then have had to rediscover its own history and identity after democratization. On the contrary — resistance against dictatorship enabled the survival of Catalan culture, which to this day forms an essential element in all areas of society. Confirmation of this fact and its political relevance was provided by the demonstration on 11 September 1977, at which one and a half million Catalans demonstrated in Barcelona for their right to self-determination, their own language, culture and nation.² The date is a reminder of 14 September 1714, when Barcelona, the largest Catalan city, fell to the Spanish and French armies after a 13-month siege, and the dissolution of independent Catalan institutions by Bourbon centralism began. Through this loss of political autonomy, Catalan language and culture now became important factors for the survival of 'national' identity, despite centuries in which Madrid attempted to suppress them. Thus it is not surprising that the national government (*Generalitat*) set up after democratization took decisive steps in promoting linguistic 'normalization'.³

Basque nationalism also relates to the linguistic, cultural and historical unity of the 'nation', the political and national unity of which are

² The 'celebration' of this day had been banned since 1939. The first free all-Spanish elections after Franco's death were held in June 1977 but Catalonia did not re-acquire its statute of autonomy.

³ 'Normalization' is taken to mean a policy of targeted promotion of the Catalan language.

something to struggle for. There is an additional dimension to the regional nationalism of the Basque country, however, in that the Basque area is situated on both Spanish and French territory (Charpentier (1977)). A separate Basque nation has never existed evidenced, in particular, by Basque nationalism claims to have deep roots in the past, as, yet the age of the Basque language. The demand for greater autonomy which most of the population supports takes a wide variety of forms, from administrative decentralization to an independent Basque State. One reason for this diversity is the fact that a common historical awareness is only present to a limited extent it takes many heterogeneous forms depending on the social and political grouping concerned. At that time, the Basque National Party, the PNV, took a 'conservative nationalist' line in opposition to Franco (Keating (1988)). In contrast, the militant splinter group formed in 1959, the ETA, adopted armed guerrilla tactics in the late 1960s. Part of the ETA renounced the use of violence in the 1970s, but the militant wing continues to pursue a policy of 'national liberation' by military means. The extreme differences between the different shades of Basque regionalism — separatism versus autonomy, violence against parliamentary means — are much more pronounced than in the other regions in the study. However deep the roots of Basque national identity may be, centuries of cultural repression and the immigration of large sections of the population from other areas in Spain have led to a weakening of the original Basque and Basque-speaking part of the population; the latter comprised only one third of the total in 1981 (Keating (1988)).

'Nationalist' movements which use militant and terrorist methods to achieve their separatist ends, such as the Basque ETA are today the exception rather than the rule. Organizations like the Scottish National Party or the Basque Nationalist Party, who represent the constitutional form of regional nationalism, continue to play a major role, however.

The survival of historical traditions is essential for the development of social identification based on geographical territory. One factor that is just as important as socio-cultural or historical aspects is what Hobsbawm refers to as the 'element of the

artificial, of discovery, of social engineering' (Hobsbawm (1990)). Regional identity needs a culture of political interpretation that relates to regionality and a specific territory. Existing regional traditions are instrumentalized by political actors in order to unfold their full capacity as a basis for regional identity. This usually occurs when reference can be made to a powerful regional dimension, by addressing urgent problems in the present or future. The rise of Lombard or north Italian leagues in recent years from a local protest movement to a government party is a prime example.

In the 1960s and 1970s, those regions where forms of political regionalism developed tended to be regions lagging behind in their development;¹ today, however, it is the more economically stronger regions like Catalonia or Lombardy that are discovering their real or imagined regional identity. The search for distinguishing features which mark the region off from all others (such as culture, language, etc.) can well be powered by the economic and political interests of these regions. The refusal to 'share their wealth with the underdeveloped (parts of the country)' (Kreckel (1986)) is a serious threat to the regional policy objective of territorially balanced economic development and interregional distribution, particularly when this is called into question by the more prosperous regions.

The position of the region in the Member States of the Union

The State context within which the individual regions are integrated determines, over and beyond the cultural reference frame, their specific competences and hence their significance as a field of action for the social and political actors. The constitutions of the European States display considerable variations ranging from the centralist, unitary State to the federalist State system.

Federalism, as a counter-model to centralism, involves far more than the simple decentralization

¹ One has only to recall concepts such as 'internal colonization', or movements like Occitanism or Corsican regionalism; Gerdes (1985), Elkar (1981).

of public administration and other decision-making structures. It is based on cooperation between autonomous regional units, each of which possesses extensive powers of self-determination.¹ The federal State therefore represents a compromise between integration, on the one hand, and regional independence and variety on the other, with the latter ensuring better integration of heterogeneous societies. In the ideal case, the decentral elements (the *Länder* or regions) provide a reference frame for the socio-cultural identification of their populations, in addition to their function as political decision-making levels and administrative services.

Decentralization processes such as those which have been observed in many European countries since the Second World War (e.g. Belgium 1970, Italy 1970, Portugal 1976, Spain 1978, France 1982, the Netherlands 1984), are not the same as federalism. They represent instead a transfer of central State responsibilities to sub-national bodies in order to relieve the pressures on the State (Keating (1988)). Decentralization processes of this kind are sometimes accompanied by political decentralization as well, e.g. the establishment of directly elected regional parliaments, but these do not obtain the same degree of sub-national sovereignty as the individual States in federal systems like that of Germany.

The United Kingdom is without doubt the most centralist of the countries studied here, never having had an independent level of regional administration or government.² Unlike the other European countries, the United Kingdom has made no efforts at all in recent decades to initiate a regionalization of public administration or economic and structural policy. On the contrary, the 1980s especially were a decade of centralist reforms in the field of local government constitutions and local authority financing. These extended from the withdrawal of local government responsibilities through the cutting of budgetary powers to the abolition of the metropolitan coun-

ties and the GLC in London and six other major cities (Butcher *et al.* (1990)).

It is unlikely that there will be much change in the centralist profile of the country in the near future, although the social democratic and liberal opposition parties are now demanding the establishment of regional councils or parliaments (Labour Party (1991)). The eight 'standard' or 'planning' regions in England that have existed since the mid-1960s provide some basis for a policy of devolution (Garfield/Hebbert (1989)), as do the regions of Scotland and Wales (the Scottish Office and the Welsh Office). The British State already acknowledges the national traditions and strong regional identity of the latter two, through special regional administration institutions for Scotland and Wales (the Scottish Office and the Welsh Office).

Against the background of widening regional disparities over the last decade (Lewis/Townsend (1989)), Scotland and the northern regions of England in particular have been calling for more regional independence and democratic influence on economic and structural policy. The Conservative government has stressed on several occasions that it sees no sense, either economic or democratic, in the establishment of regional government or administrative structures, and that this would run contrary to a policy of a 'leaner' State.

France, also an epitome for the centralist State, engaged in the early 1980s in a process of regionalization, only a few details of which have changed since then (Dreyfuß/Arcy (1989)). Although nobody today would question the reforms, the regionalization process lacks any impetus or momentum, or further extension of regional competence. The existing conflicts of competence between local authorities and other decision-making levels seem to favour centralization tendencies instead. The central State continues to be seen as an important corrective and integrating element guaranteeing the execution of solidaristic and equalization functions.

In the current debate, the main issue being raised concerns the distribution of competences between the local authorities, especially between the *départements* and the regions. Local

¹ Closely linked to this aspect is the principle of subsidiarity, according to which the higher-level institution only has competence to act if an independent solution is not possible at the lower level.

² The State tradition of the country has been based since the 'Glorious Revolution' of 1688 and the constitutional restrictions placed on the monarchy on the concept of the 'dual polity', with a centralist unitary State consisting of the Crown, Parliament and the Church, on the one hand, and local government authorities on the other. See Bulpitt (1983).

government reform aimed at overcoming the fragmentation of the country into 36 000 local communities is unlikely to succeed due to the strong political and social position of the local mayors, who wish to preserve the *status quo*. Two basic positions can be identified in this debate. Whereas the one side is striving to implement a regional model compatible with that in the other European States, where the regions within the French State would obtain more power, especially in relation to the *départements*, the other side is taking a 'democracy and citizen's rights' position; both positions enjoy broad support across political and social boundaries. The first position stresses efficiency as a key criterion, while its opponents consider historical, political and socio-cultural aspects to be more important (Gremion (1992)).

Despite their relatively weak status in the French debate, the regions have an important strategic role that permits their importance to grow over the long term. In addition to their function as negotiating partners with the national State in economic planning, and their role as coordination body for the lower levels of local government, the higher proportion of investment of the regional budget today permits a greater degree of scope than was the case in the past. Differences do exist in the extent to which regional interests are asserted, an aspect which is related to different regional characteristics and the respective economic strength of the regions. The only regionalist movement of any significance which questions its affiliation to France is in Corsica. Alsace and Brittany value their regional identity highly, but there is no political regionalism aiming at full self-determination.

The existing administrative and political opportunities are taken advantage of to highly varying degrees; regional development plans are not worked out everywhere, and the real importance of the Regional Council varies from one region to the next. *Département* structures dominate, above all in the more rural areas: another indicator suggesting long-term growth in the importance of the regions.

The regionalization of the Italian State, the transfer of administrative and financial competences to lower levels and the establishment of

independent regional parliaments is advancing but slowly, despite the fact that this objective is laid down in the 1948 Constitution (see Camera dei Deputati (1987)). In addition to the 'special statute' regions,¹ further regions with normal statutes have been established — but only since 1970. Italian regions do not possess federal status of any kind. On the contrary — the competences accorded them are being increasingly confined by the greater weight of the central State.

The necessity for fundamental reform became apparent during the 1980s as a result of the dysfunctionality and inefficiency of the Italian regional State. The regional administrations often reproduced the deficits within central administration and the national political system: clientelism, division of land into parcels, chronic instability, and incapacity to develop and implement organic programmes. This issue has become particularly controversial through the regionalist and secessionist endeavours of the north Italian leagues.

The need to reform the regional model is acknowledged in principle by all political actors. Tax reforms (introduction of fiscal autonomy for the regions), the redistribution of competences between the region and the central State, the strengthening of political autonomy and more representation for the regions at national level are the main topics of debate. The federalization of the Italian State is now a conceivable developmental prospect that has good chances of being realized through the participation of Lega Nord in the government. The original federalization model adopted by the league at its 1993 party congress envisages a political and fiscal federalization of the country extending far beyond the decentralization that has taken place so far. The Italian Republic, which has been 'one, indivisible republic' so far according to the Constitution, is to be replaced by an 'Italian Union' based on the 'free association' of the three sub-republics of Padania, Etruria and the South. This model for the Italian State goes much further than the objectives of the other political forces, who merely favour a stronger form of regionalism (Mannheimer (1991)).

¹ Sardinia, Sicily, Valle d'Aosta, South Tyrol, Friuli-Venezia-Giulia.

The debate as it is being conducted in Spain is mainly marked by the existence and strength of the regionally anchored 'nationalities'. Fourteen years after the new democratic constitution was established in 1978, thus providing the basic framework for today's State of autonomous communities, centrifugal forces — primarily the Catalan and Basque nationalists — continue to exert considerable influence, and the integration of these regions into the Spanish State has not been completed as yet (Nohlen/Ganzáles (1992), Carretero (1988)). These forces would appear to be gaining in influence on the centralist political stage, because the Socialist Party (in power since 1982) is now increasingly reliant on their support after losing its absolute majority. Demands for greater autonomy are therefore liable to increase in intensity, a process that could also involve the regional nationalists becoming increasingly integrated into national Spanish politics.

The question as to whether the Spanish State will retain its federalist character and asymmetric structure largely depends on the extent to which the other Spanish regions succeed in consolidating their positions within the autonomy debate, rather than leaving the matter for the central State and the 'historical nationalities' to settle. The centralist orientation of those regions which are lagging behind in their development, similar to the Italian case, effectively puts a brake on the further strengthening of regional autonomy.

Taken as a whole, however, especially in comparison with other European countries, developments in Spain are characterized by very extensive strengthening of the regional level, and by definite federalist elements. The growing self-confidence of the regions is also expressed in current demands for the abolition of the unitary system of public administration and its peripheral institutions and for curtailing the responsibilities of central government ministries. These demands are aimed at eradicating the general inefficiency caused by the duplication of regional and national competences.

Among the countries examined in this study, the Federal Republic of Germany is the only State that has a federalist political system in the narrower sense. However, political debate increasingly features criticism of what many see as grow-

ing centralist tendencies, and anxieties about the independence of the *Länder*. Two main developments are responsible for these worries. Firstly, objections are being raised in many quarters about the extensive exploitation of competing legislation and an enlargement of the federal government's framework of competences to more and more new areas. Secondly, West European integration would appear to question the status of the German *Länder* as independent entities, at least to a certain degree. These restrictions in the sovereignty of the *Länder* are seen as emanating from the direct transfer of *Länder* competences to the European Union. They are also the indirect result of Europe-wide regulations in very many spheres that have a feedback effect on the *Länder* via the market.

The *Länder* are a good example of the difficulties that accompany any direct participation in the European political process. The strategy of the *Länder* consists above all in the attempt to expand their influence on specific aspects of inner-German decision-making. This demand was conceded as early as 1986 in a cooperation procedure agreed between the Federal Government and the Bundesrat (the Federal Council representing the *Länder*), which is aimed at informing the *Länder* in good time and taking their interests sufficiently into account when determining the German position on European issues. Parallel to these consultative rights, the *Länder* have their own offices in Brussels. During the Maastricht negotiations, these consultative procedures were further enlarged by two representatives from each of the *Länder* joining the German delegation. These participative rights on the part of the *Länder* were then laid down in the Constitution when the latter had to be amended as a result of the Maastricht Treaty being ratified. In the new Article 23 of the Basic Law, these rights are extended still further, with any further transfer of sovereignty rights to the European Union requiring the approval of the *Länder*. If the individual Member States have exclusive competence for particular areas of Community legislation, then the rights of the Federal Government are transferred in full to the *Länder* (following consultation). The establishment of the Conference of European Ministers in early 1993 also involved a further increase in the scope assigned to the German *Länder*. By acquiring these new partici-

pation opportunities, the *Länder* consolidated their position within the inner-German decision-making process to a substantial degree.

Summary

Europe's development is exerting a significant influence on national regional models, the distribution of competences and interregional equalization mechanisms, in that it accelerates national trends or initiates developments towards regional independence. The necessity for equalization within Europe, but especially the introduction and implementation of the partnership principle in the field of structural assistance, strengthens sub-national and autonomous handling of regional political concerns. Today, the German *Länder* and the autonomous communities in Spain are among the potential protagonists of a future 'Europe of regions' on account of the regional rights and competences they enjoy within

their respective national States. The Spanish example is a clear demonstration that applying the subsidiarity principle to the regional level goes hand-in-hand with the establishment of a potentially federal State.

The growth of decentralization and regionalization tendencies in the unitary States of Europe over the last decades would seem to favour such development. In federalist States like Germany, centralizing tendencies sometimes appear to be gaining the upper hand. This development should not be overestimated, however: on the contrary, it is one element in a necessary adjustment of the political-administrative structures of the European States. This adjustment establishes a political and institutional basis for federalization processes at the European level, significantly enhancing the need to integrate the regions and *Länder* as integral components of political union and the practical operation of the subsidiarity principle.

1.5. Basic patterns of conditions for trade union activity

Crisis, transformation and reform: Western Europe's trade unions and the challenges of the 1990s

Industrial organization and therefore industrial relations as a whole are currently in a state of dramatic change worldwide, in which every aspect of the production process from technological innovation to work organization at the enterprise level, and the relations between companies are open to debate, and subjected to experimentation with new forms of production and organization. The main trends have been described as the 'crisis of Fordism', the development of 'flexible specialization' and 'lean production' (Aglietta (1979), Lipietz (1987)).

These developments have led to far-reaching changes in the West European industrial relations field, summed up in the words 'deregulation' (of the labour market and labour rights), and 'decentralization' (of collective bargaining). Flexibilization is a more general term referring to the shifts of control over wages, working hours, recruitment and dismissal, etc. from the national and sectoral level to the single enterprise level.

For the European trade unions, these changes have led to a situation where many of their assumptions regarding society and collective bargaining are now being called fundamentally into question — for example, the ultimate objective of full employment, the dominance of the standard employment relationship, the focus on more or

less centralized national pay policy, or the expansion of the industrial sector. Confronted by mass unemployment, the flexibilization and internationalization of enterprises at the national level and the creation of new regulatory areas at supranational and sub-national level, not to mention the worsening global environmental crisis (ILO (1992)), the trade unions are now facing new challenges. They must develop new concepts for work and pay, new collective bargaining concepts and forms of trade union organization. At the same time, they have to find ways not only of consolidating and extending their economic, social and societal influence at the national level, but also of occupying new terrain at the European and sub-national levels. Simply defending 'the good old days' is an inappropriate response, but so is obedient adaptation to the new and, for the trade unions, worse conditions for representing workers' interests.

The necessary reorientation of trade union politics must start with the question of how the trade unions are formally organized. Trade unions with different political orientations should be a thing of the past, and overcoming these divisions within the movement is an important future task in the Romance countries. Countries with single trade union centres are also witnessing crisis-ridden changes in historically developed structures and principles, however. The British system of multiple unions, for example, is currently giving way to merger and concentration. The German principle of large sectoral unions is changing against the background of different company profiles and

sectoral boundaries. The genesis of 'super-unions' in the United Kingdom, and the DGB debates on trade union reform in Germany (Leif *et al.* 1993) are all evidence of radical restructuring. In the face of forced mergers, new forms of cooperation, but also inner-trade union conflict, the TUC and DGB federations are having enormous difficulty presenting an integrated and coordinated response and preserving their monopoly over worker representation.

Another policy area where trade unions must rethink their basic approach is the shopfloor itself, and the shopfloor articulation of interests. The single enterprise level has become much more important as an area of trade union involvement, because shaping industrial relations has shifted from the national and sectoral plane to the company and factory level. Secondly, the trade unions only partially succeeded during their years of relative strength in exercising influence over pay and working conditions at individual company level. One consequence is that they are now confronted in some areas with attempts to represent workforce interests directly, even against the trade unions. In extreme cases, such tendencies could undermine the position of unions at shopfloor level.

All the trade unions in the countries and regions studied have to find ways to stop their constant decline in membership. In 1990, the average level of trade union organization in the five countries was over 8% lower than a decade before.

This persistent loss of membership is now forcing all trade unions to rationalize their work and to tighten up their organizations, often in the form of staff cuts or mergers. Another disturbing aspect for the unions is that they are just as under-represented in the service occupations of the secondary or tertiary sectors as they are in certain population groups, especially among women and young people. In all countries, the level of trade union organization declines as company size increases.

Economic structural change and industrial relations in the countries investigated

If the experience of the trade unions is compared against the background of economic structural change and changes in employment and industrial relations, one can still identify a number of major differences despite tendencies towards European integration and unification. These differences result from different traditions of the trade unions, different political and legislative frameworks for industrial relations, and different political climates in each country. The extent of welfare state regulation varies as much today as the relationship between the 'two sides of industry' and the tripartite cooperation mechanisms between trade unions, enterprises and the State. The United Kingdom, for example, placed far fewer legal obstacles in the way of

Table 1.3

Development of trade union organization levels

Country	Level of organization			Difference
	1970	1980	1990	1980-90
Germany	37	40	38	- 1
Spain	—	22	17	- 5
France	30	28	12	- 16
Italy	36	49	40	- 9
United Kingdom	50	56	47	- 9

Note: These figures for levels of organization, i.e. the percentage of trade union members in the total number of employees or persons in gainful employment, are bound up with a number of statistical problems. For example, many trade unions do not keep separate figures on those no longer working in particular enterprises (pensioners, the unemployed), and include these people in their membership statistics. In some trade unions, for example the Italian CGIL or the German IG Bergbau, this group of members accounted for around 40% of the total in the early 1990s. (Visser (1989)).

Source: Figures provided by the trade unions and ETUI.

flexibilization of the labour-market and deregulation of industrial relations than was the case in Germany or France.

The far-reaching reforms and interventions in the industrial relations system that have occurred since the late 1970s in Spain, France and the United Kingdom did little to promote convergence of national structures and forms of trade union organization (ideologically polarized trade union systems in the Romance countries, the fragmented British system and the German system of large sectoral unions). The conditions for trade union activity may have changed along similar lines, but this has not reduced the international differences between the trade union organizations to any significant degree.

So far there has been no convergence of the national trade union systems within the Union — neither in terms of membership strength, behaviour in industrial conflicts, nor in organizational structures. It is difficult to find any form of convergence towards a European model of trade union organization or worker representation at shopfloor or collective bargaining level. This finding is also corroborated by analyses of co-determination rights of workers in Europe, which show major differences between the various countries (Krieger (1991)).

These differences have not been compensated for until now through the formation of supra-national bodies with strong negotiating capacities, or by European coordination of trade union activity in the field of collective bargaining or shopfloor work. Besides the different political traditions within the trade union federations, one other major obstacle is the lack of statutory institutions for the representation of interests at European level. The difficulties involved in finding a consensus for the creation of such bodies or regulatory frameworks suggest that collective bargaining and social policy will continue to occur at national level primarily.

The United Kingdom

The most striking feature of the economic structural change in the United Kingdom since the early 1980s has been the politically engendered rapidity with which manufacturing industry has

declined, and how Conservative governments have based their economic and social policies on the initiative of private enterprise.

Having come to power with the promise to cure the economy of the 'British decline', the Thatcher governments failed on the whole to improve the competitiveness of British industry. The productivity and standards of British industry have fallen (once again) behind most competitors on the world market, and behind Germany, France and Italy within the European Union. Growth rates for industrial production and investments were less than the European average in the second half of the 1980s.

Despite this general weakness of British industry, which still employs about 30% of the total workforce, some sectors have been able to retain or even expand their traditional competitive advantages especially parts of the consumer goods and food industries, pharmaceuticals, aerospace, oil and chemicals. Trade and foreign investment continue to be among the main strengths of British industry. Another important indicator is the existence of many large firms: 32 of the 100 biggest European companies and 13 of the 20 'most profitable' have their head offices in the United Kingdom (European Commission 1991).

One special feature of industrial organization in the United Kingdom is the traditional dominance of the financial sector, with its focus on trade and commerce, over the industrial sector, especially regarding its influence on political processes (Lash/Urry (1987)). The relative insignificance of vocational training systems, few skilled workers, low technological standards, lack of innovative spirit and inadequate research and development efforts are features characteristic for the weak structure of small and medium-sized enterprises in the United Kingdom (Lane (1991)).

This economic structure matches the British system of industrial relations, the traditional feature of which is the fragmentation of trade union representation at enterprise level and on the shop-floor. The British system of industrial relations is based on free, collective bargaining on pay, multi-unionism, as well as central and local agreements. Relations between management and the

trade unions are largely confined to the fields of pay and working conditions, with little consultation or cooperation between the two sides in other areas. The lack of a formal institutional basis for worker participation places tight constraints on any form of cooperation — this is usually informal, at workgroup level (Daniel (1987)). The result is a low degree of worker involvement in the introduction of new technologies, and a mainly counteractive role to management on the part of the trade unions.

As in other European countries, membership of the trade unions has fallen following the decline of the traditional industries and the growing proportion of white-collar occupations. Membership of the TUC has dropped by about a third since 1979 — from 13 to around 8 million — although the degree of organization continues to be comparatively high in relation to most other West European countries. Nevertheless, the trade union movement in the United Kingdom must now battle with major financial and organizational problems; these have led over the last decade to a whole series of trade union mergers. The trend is towards three main blocks (public service unions, manufacturing unions and general trade unions), rendering the future of the weak TUC federation somewhat insecure.

More dramatic than declining organizational strength, however, was the loss of political influence during the 1980s. This was due primarily to the radical anti-union policies pursued by the Conservative government, with a whole string of industrial relations and social insurance legislation substantially reducing the influence of the trade unions in society. The abolition of legislation on unfair dismissals and minimum wages in 1992 is one reflection of the insecure status of workers' rights in the United Kingdom.

France

Since the early 1980s, France has also been experiencing a radical transformation of its social and economic structures — no less severe than those in the United Kingdom, but in a different political climate. Change has occurred not only in industrial structures, but also in the relationship between State and industry, with its interventionist traditions of indicative control described in the

tradition of French absolutism as 'social Colbertism' (Cohen (1992)).

The turn from 'social Colbertism' to 'high-tech Colbertism', i.e. the dismantling of the State's control and regulation of the market and industrial relations, and the adoption of a more radical form of market economy as a guarantee for progress and modernization was introduced in the second half of the 1980s and has no doubt had its economic successes (e.g. higher productivity of labour, bringing inflation under control). However, a high price had to be paid by society for these shifts in economic and social policy: the unemployment rate at the beginning of the 1990s was 10% of the working population; youth unemployment is high, and there is powerful social polarization and potential for conflict in the major French cities.

Despite the fact that the State has partially abandoned its responsibility for the economy, close cooperation between the State and industry continues to be a special feature of the French case. Large-scale projects in the fields of telecommunications and aerospace, and the development and application of the most advanced technologies are all special areas where State and industry have traditionally cooperated. Basing economic modernization on advanced technology is linked on the industry side with a high degree of concentration: 25 large corporations and trusts account for half of total industrial production. Similarly to the United Kingdom, small and medium-sized enterprises are seriously under-represented in France. There are only half as many such enterprises as in Germany, and small and medium-sized enterprises with independent international operations are but rare exceptions.

The French trade unions have barely managed to survive the structural changes of the last decade. Compared to other partner organizations in other Western countries, they had always been relatively weak on account of the traditionally low degree of organization and the ideological splits into the CGT, FO, CGC and CFDT federations. Their public influence was considerable, however, not least as a result of the strong communist traditions that rendered them important as a vehicle for uniting the left.

The austerity policies of the early 1980s which permitted no wrangling over distribution of wealth, the individualization and deregulation of industrial relations, and the disappearance of competition from socialism and communism led to extensive changes in this connection as well. Employers now do their utmost to avoid any general agreements with industry-wide application, and worker representation is becoming increasingly individualized. Where collective and even militant labour conflicts do arise, leadership is often in the hands of informal committees and spokesmen rather than the trade unions themselves. The degree of organization is now estimated by all four national trade union headquarters to have dropped to approximately 12%. In works council elections, trade unionists are losing their seats to independent candidates.

The French trade unions have failed to find any answers to their organizational weaknesses and fragmentation, or to the erosion of their influence at shopfloor or sectoral level.

The CGT, which perceives itself as a class-based organization, continues to strive for changes in economic and social relations by means of industrial conflict. Its social basis and focus on the traditional industrial working class make it one of the definite 'losers' in the modernization process of the last decade, particularly since it has not attempted to establish a presence for itself among new strata of the workforce.

Major strategic realignments can be observed within the CFDT, in contrast. During the 1980s, it progressively replaced its anti-capitalist focus with adjustments to the structural changes occurring within the French economy. Modernization and flexibilization of companies are no longer opposed by the CFDT or the FO simply out of principle; instead, these unions seek to exercise influence by negotiating deals at enterprise level.

The social dialogue promoted by the Socialist government and which continued during the 'co-habitation' period, had led to militant trade union conflicts declining in significance compared to the 1970s. Positions based more on negotiation have gained the upper hand, but have had little positive impact for trade union members given the organizational weakness of the unions and

the dearth of any genuine opportunities for co-determination and participation.

Italy

Despite radical restructuring in the 1980s, the international competitiveness and structural problems of the Italian economy have not shown any fundamental improvement. The last decade was one of economic recovery and growth, making the country's economy the fifth largest in the world. The successes achieved in combating inflation, the development of a dynamic managerial and entrepreneurial stratum in society, as well as new industrial and financial empires were the external conditions fuelling a certain economic optimism that was then muted as the crisis of the political system reached its peak. Structural problems and deficits in the Italian economy have become more apparent again since the early 1990s. The biggest problem is how to reorganize public spending in the light of the convergence payments that must be paid as part of the European integration process. Italian companies are having increasing difficulty maintaining their competitiveness. This is caused by a number of factors, for example the relatively high degree of protectionism and state subsidies, the inefficiency of public services, and, last but not least, the inadequacy of investment and modernization measures, above all in the field of research and development.

Over the last 10 years, the Italian system of industrial relations has also displayed a trend away from deliberate conflict, typical of the 1970s, and a growth in importance of cooperative forms of worker representation. This change can be noticed in all three Italian federations, but has no equivalent so far at the institutional level.

There is now a basic consensus that the CGIL, CISL and UIL federations must amalgamate at least in the medium term. If this actually occurs, despite all the details which need to be clarified, then this would be the end of a long phase in the history of the Italian trade unions, one which has shaped that movement through the many ups and downs since the days of the unitary trade union (1944-47). Once the unions had again achieved significant collective bargaining

victories during the 1960s, when the Socialist Party formed part of the centre-left government, the 1970s were the decade in which the unions succeeded in establishing themselves as an important social force. At the peak of their strength in 1980, the various federations had a degree of organization of almost 50%. In the face of recession, labour-market crises, technological modernization and rationalization, the trade unions had to accept painful defeats and membership losses during the 1980s. At the same time, the temporary unity of the three trade union federations broke down over the issue of index-related pay rises (*scala mobile*). Despite all these organizational and political crises, however, the trade unions were still able to consolidate their position at a high level compared to other Romance countries. The membership losses and the changing structure of employment have caused enormous problems, but the density of organization achieved by the Italian trade unions remains relatively high, and they continue to be established mass organizations.

Against the background of structural problems and the pressure within the Italian economy to adapt to changing circumstances, the activities of the trade union federations have been shaped in recent years by a clear acceptance of modernization and an approach increasingly based on partnership. Tripartite consensus has taken the place of traditional ideological splits and willingness to seek conflict. One example of this new approach is the 1992 tripartite agreement for the reform of the collective bargaining system, which resulted in the creation of a dual system of pay negotiations at national and enterprise level.

Spain

Because of the long delay in achieving democracy, economic structural change and the respective changes in industrial relations in Spain occurred at different times than in the other countries studied. Compared with other Western countries, socio-economic change occurred within a very short space of time. Even today, the country has a low proportion of industrial employment (under 25%), a large agricultural sector, a predominance of small enterprises and an above-average proportion of public-sector services.

The flexibilization of working conditions was one of the key instruments that the Socialist government under Felipe Gonzales used during the 1980s in an attempt to modernize the Spanish economy and achieve rapid integration within the European market. Although 1.7 million jobs were created during the economic upswing of the early 1980s, more than 90% of these were temporary jobs in the second half of the decade. All attempts to solve the urgent problem of high unemployment (around 20%) failed to have any effect.

The development of the Spanish trade union movement reflects the rapid structural transformation of the economy and working conditions. In the mid-1970s, a period when the trade unions had an exposed position in the resistance against Francoism, many hopes and expectations were placed in the Spanish trade unions, and membership rose dramatically. Within the first few years of the new democracy, however, the confederations were suffering serious losses of membership.

At a time when trade union criticism of the Socialist government's economic policies was mounting, the UGT and the CC.OO succeeded during the late 1980s in setting up a joint action group linking the two organizations, and in extending their social and political influence. Today, the Spanish trade unions are the most important advocates of a 'social turn' in government policy. One of the highlights of the struggle for a social dimension to economic structural change was without doubt the general strike in 1988. Today, the Spanish trade unions are pushing for greater influence in society. This aim is expressed, for example, in the trade union manifesto adopted in 1989, a kind of programme for the future containing the demand, among others, for greater workforce participation, especially in connection with new technologies.

There are powerful tendencies within the two unions to form an independent unitary union based on the joint action group, although there is also considerable resistance to the idea, particularly among older functionaries. Time will tell in which direction the joint action group will develop in the context of the present recession. Joint action by the UGT and the CC.OO in the Basque country

has been threatened by different views on regional autonomy and, at times, abandoned completely.

One of the most striking problems of the Spanish trade unions is their glaring weakness at shop-floor level — some large enterprises being the exception. The overall level of organization is somewhere between 10 and 15%. This is due, firstly, to the predominance of small enterprises, and, secondly, to the concentration of the trade unions on the political level, which in turn favours a centralist form of trade union policy-making. For the Spanish trade unions, the individual enterprise is less a terrain where trade union influence can be exerted than the location for industrial conflicts. Whether or not this neglect of shopfloor involvement will change through the greater focus on skilling and vocational training (in 1992, a trend-setting tripartite agreement was concluded which grants the unions considerable influence in this area) remains to be seen.

Germany

The Federal Republic of Germany occupies a leading position within the European Union as the largest industrial nation and the country with the highest level of exports. This position was further reinforced over the last decade, since structural change occurred more smoothly than in the other countries investigated. The country seems to have succeeded on the whole in compensating for the decline of the so-called 'problem sectors' (especially the coal and steel industries) through support for growth sectors oriented to worldwide markets (e.g. the car industry, machine building, communications technology, or the chemicals industry), while retaining at the same time the strong focus of the German economy on manufacturing and exports. Although there are also visible tendencies in Germany towards deregulation and flexibilization of production and social security systems, there has been less tertiarization than in other European countries, and in general a lower rate of temporary employment (see Grebing *et al.* (1993)).

One important feature of the German model of industrial relations which developed after 1945 is the major extent to which industrial relations are governed by legislation on trade union rights,

works councils, co-determination, etc. The trade unions are also strongly oriented towards consensus and accept the need to strengthen the position of German industry on the world market. This attitude formed the basis for the high stability of industrial relations in Germany. The opportunities they possess to participate and exert influence within enterprises and society are more extensive than in the other countries included in this study. In essence, one can state that German trade unions are utilizing the new initiatives on the part of employers to restructure work in order to achieve old demands and to reduce income differences within enterprises.

The trade unions' focus on consensus through social partnership may not have been called into question directly by the neoliberal governments of the 1980s, but was certainly put to the test. The economic crisis of the early 1980s led to a sharp rise in mass unemployment and to membership losses among the trade unions. The labour organizations were also confronted in the last decade with the various impacts of conservative deregulation policies, which weakened their collective bargaining strength and opportunities for exerting influence. One example is the restrictions imposed on the right to strike following the amendment of Section 116 of the Employment Promotion Act (*Arbeitsförderungsgesetz*) in 1986.

The process of German unification created some major new problems for the trade unions. Unification of two States with completely different political cultures, societies, and economies created enormous disparities within Germany that are without parallel in Germany or the European Union. From the perspective of the trade unions, unification brought with it, besides purely organizational problems, a whole series of other problems and difficulties at collective bargaining, labour-market and shopfloor levels that will be occupying the trade unions for years to come. Even though the labour organizations were among the fiercest critics of rapid privatization of the State-owned enterprises, they are also participating in the reconstruction of the east German economy in many different ways. It is notable, for example, that a number of trade union concepts in the field of employment policy have been adopted by local authorities and regions in east Germany.

The Europeanization of trade union operations

Given these differences between trade union structures and organizational principles in the various Member States, how is it possible to achieve transnational coordination of trade union activity at shopfloor, collective bargaining and socio-political level? Just how necessary this is from the trade union point of view is shown by the operations of transnational corporations, who exploit the international dimension in many different ways in order to play off workers in the various countries against each other with regard to working hours and working conditions. In the face of such practices, the trade unions need to establish their own transnational coordination and political structures, corresponding to capital relations.

There are a number of problems here. Firstly, collective agreements are made in very different ways at sectoral, national and, increasingly, at enterprise level within the Member States. This of course makes it difficult to establish international standards. Furthermore, some countries like Spain or Italy are familiar with a type of pay negotiations in which the State plays an important role as arbitrator. This creates the problem at European level of reconciling tripartite negotiation systems and other national models with strictly bilateral structures, such as those found in the United Kingdom or Germany.

Secondly, the different models of trade union organization in Germany, the United Kingdom and the Romance countries are a serious obstacle to the future Europeanization of trade union politics. Neither the British TUC nor the German DGB are able to engage in collective bargaining, for example, unlike their opposite numbers in the Spanish and Italian federations. This, of course, weakens the position of the two federations compared to the others in Europe and necessitates a tough debate over competences with the relevant sectoral or industrial unions.

Having said that, the European trade unions have been working on the first steps towards Europeanizing their work, as briefly described in the following. Since the end of the 1980s, the ETUC has made repeated attempts to obtain

commitments from its member organizations on common objectives for collective bargaining. One example of the latter is the reduction of working hours to 35 hours a week. Until now, it has been up to the national unions to decide how and in what form these objectives should be included in their own policies. The European dimension has therefore been limited to Community-wide demonstrations or press statements.

One of the biggest steps towards Europeanizing their collective bargaining operations has been made by the European trade unions in transnational enterprises. The function of European works councils, of which there were approximately 30 'precursors' in 1994, is not only to pass on information from international corporations to the labour representatives in the respective national enterprises. They also help representatives become familiar with the different systems of industrial relations and trade union organization in the various countries. In this way, they clearly promote the gradual integration of European industrial relations. One problem, however, is the question of the specific shape and form of representation in the European corporations, which otherwise vary from one country to the next (in Germany, France and Spain there is a dual system of representation, but a single-tier system in Italy and the United Kingdom). The European directives implemented so far leave this question open, by permitting different forms of worker representation. This is one reason why existing European works councils generally display a low level of institutionalization. They are convened at the initiative of corporate management, who usually set the agenda as well, and labour representatives have limited opportunities to check the information they receive (Sisson (1993)).

If a European level of negotiation is actually implemented in the transnational corporations, then the European sectoral trade union committees would surely have an important role to play. Some of these sectoral committees (for the metalworking, food and chemical industries) already have collective bargaining facilities, whereas others confine themselves to lobbying the EU institutions. That this can lead to success is shown by the European framework agreements that the ETUC has concluded with the CEEP (organization of public-sector enterprises) for

workers in the power industry, for example. The framework agreements relate primarily to initial and continuing training within the enterprises, as well as questions concerning equality for women and the creation of common social standards.

All these examples show that the trade unions are still far removed from collective bargaining at European level and the creation of a new European model for trade union representation, but also that there are many basic developments in this direction that they can now build on.

The region as a new field of trade union activity

The idea of defining the region and regional structural and economic policy as an independent field of activity alongside pay struggles, or the shaping of training and education within companies and outside them, continues to be somewhat alien for the trade unions. There are no exceptions to this rule in the countries we investigated. Trade union organizations continue to focus their activities at the national level where economic, social or pay demands and objectives are involved. This orientation is still a justified one, in that national governments are still the key actors in these areas and will remain so in the long term.

The fact that the trade unions are still forced, more than ever before, to take up the region or local area as a field of activity is due to three main groups of reasons.

National governments are now increasingly, unwilling, although to varying degrees, to intervene in favour of the disadvantaged and structurally weak regions. The reasons cited include the inefficiency of financial equalization mechanisms, the scarcity of public funds, and new models for the shaping of society. The consequence is that European regional and structural policy and the various actors within the regions now carry more responsibility in regional economic development. From the trade unions, this means that they now have to direct their economic and social policy demands to both the supranational and the local level, which therefore gain in importance as a field of activity for labour representatives.

Parallel to central governments reducing their involvement with the regional level, the regions themselves have suffered a considerable increase in the problems caused by structural transformation. This applies especially to the traditional industrial regions, whose social and economic problems generally increased over the last decade, but who could rely less and less on supporting interventions by national governments. On the contrary, the successive dismantling of public-sector enterprises and the reduction of State holdings in industry, as could be observed in all the countries during the 1980s, hit this regional type particularly heavily on account of the high density of public-sector enterprises to be found there. Because the industrial regions with their large enterprises were among the traditional strongholds of the European trade unions, the latter had a powerful vested interest in developing their own concepts for shaping economic structural change and its social dimension. These were therefore the regions where the hardest industrial struggles were conducted during the 1980s, and where the trade unions put forward their own ideas for developing the regional economy and regional industry.

The factors mentioned above, as well as changes in the international division of labour and work organization and the Europeanization of capital and labour relations, have all led to a situation today where the European regions are engaged in direct competition with each other for investors and government-funded infrastructural measures. 'Soft' locational factors, such as the quality of life in the region, have grown in importance to the detriment of classical 'hard' factors (see Section 1.3). For a long time, the trade unions rejected this type of competition between locations and regions, insisting instead on equal living conditions and regional equalization. Even though these objectives have lost some of their original significance, it is patently obvious that socio-economic trends are pointing in a different direction, and that the regions will have to face up to this competition in the medium term if they do not want the quality of their locations and their economic strength to suffer. The trade unions are forced in this field as well to develop their own regional policy and structural policy ideas for 'their' regions, if only to protect jobs.

Conditions for regional involvement of the trade unions

The preconditions that the trade unions must meet today if they are to become more involved in the regional sphere relate first and foremost to the organizational structure. The impact that different trade union structures have on how regional policy issues are handled was already dealt with in Section 1.1, where it was clear that the Romance model for trans-sectoral trade union work 'at ground level' is more suitable than systems dominated by sectoral unions, where the national federations have no competence to engage in collective bargaining.

In addition to the special features of organizational structure and industrial relations, another important determinant for trade union involvement in the regional policy field is the institutional position of the respective region in terms of its competences and socio-political power. The conditional frameworks in Germany and Spain are certainly the most favourable in this respect; characteristic deficits and problems continue to exist in Italy and France but the situation in the United Kingdom is especially negative in that the region does not exist at all as a political and administrative actor (see previous section).

The political culture of a nation or region is thus another factor determining whether and to what extent the region is perceived as an independent field for trade union activity. In areas with a strong regional or even 'national' identity, and a powerful awareness of regional independence, trade unions develop concepts and plans for the regional economy and society much more naturally than in areas, as in the British and French case, where regions were first created on the drawing boards of regional planners. This relationship is particularly apparent in the United Kingdom, where the trade unions in those areas with national traditions, i.e. Scotland and Wales, are not only organized within their own regional federations, but are also much more active indeed in the regional and structural policy field than unions in the English planning regions. The forms of social dialogue within the region are also of considerable importance. These, in turn, are usually shaped by specific national conditions that vary from one country to the next. The two radically

opposing poles among the countries we investigated were Germany, with its traditions of partnership and the institutions to go with them, and the United Kingdom, where almost all structures for dialogue and cooperation fell victim over the past decade to the confrontational style of Thatcherite politics. The other countries in the study experienced phases in which political culture was characterized mainly by dialogue and partnership, but also phases of conflict and confrontation.

Experience, models and perspectives for trade union involvement in the regions

The European trade unions have established a presence in the regional sphere in a number of different ways. Regardless of the political, institutional and socio-economic framework, the trade unions have developed a variety of activities in precisely those regions which feature highly developed regional awareness and strong regional traditions, consciously viewing the development of regional society as a definite field of involvement. This is particularly the case in those European regions which have their own political, cultural or language traditions. The Basque country, Galicia and Catalonia in Spain, or Scotland and Wales in the United Kingdom, are the most prominent examples of 'regional nationalism' in the Member States investigated. Regardless of the specific industrial relations framework, political and institutional structures or socio-economic conditions, the trade unions in these regions have established for themselves a substantial and very independent regional profile. At the same time, they have also developed very different forms of trade union organization.

The Scottish Trades Union Congress, a financially and politically independent pendant to the British TUC as the federation of regional trade unions, has existed since the earliest days of the labour movement (Tucket (1986)). The Welsh TUC is also an independent federation, but was only established in the 1970s, at a time when regionalist sentiments were greatly on the increase in Wales. It has always been part of the British TUC, however. In recent decades, both of these regional federations have engaged in many kinds of activity in the field of regional economic and social policy, despite the fact that

they are just as poorly funded compared to the affiliated unions as the regional organizations of the TUC in the other English regions. However, as will be shown later in this report, the Welsh and Scottish federations have a stable social and political basis on account of their involvement in and for their regions.

The trade unions in Catalonia have also established a special regional profile for themselves through their efforts in support of regional independence and self-determination, a profile involving much more than simply adjusting their territorial structures to those of the autonomous communities. The regional workers' commissions have set up their own organization, the CONC (Comissió Obrera Nacional de Catalunya), which is an independent body within the Spanish workers' commissions. The CONC sees itself as a 'national and class-based trade union', and in that sense is a hybrid form containing the regional level of a national union but also an original regional trade union as well (Gabriel (1989)). The UGT also has a strong regional organization in Catalonia, but not in a form to match the workers' commissions.

Trade unions have the strongest attachment to regional issues where they have produced completely independent regional trade unions. One such union is the ELA in the Basque country (Euzko Langilleen Alkartasuna, or Basque Solidarity), today the strongest trade union in the region ahead of the workers' commissions and the UGT. Founded by representatives of the Basque independence movement at the beginning of this century, the ELA views itself as a Christian, class-based union whose activities are totally confined to the Basque country. Besides the ELA, there is also the LAB (Langile Abertzaleen Batzodeak) — a second regional trade union with close political ties to the separatist movement and which has grown in popularity in recent years (Kaiero Uria (1991)).

Whether as more or less independent bodies within the national trade union organizations, or as completely independent regional unions, the trade unions have a definite independent profile in those regions where 'regional nationalism' is particularly marked. They are usually a recognized part of the movement for greater regional

autonomy and within this context have developed a wide range of political, social and economic activities. But what is the trade union situation in the large majority of European regions that do not have such strong regional identities, or organizations which enlarge on that identity?

At a very early stage, trade unions in Europe have made the local and regional level a field of activity and involvement in those regions where they were confronted with structural problems going beyond the closure of particular enterprises, or sectoral crises during economic downturns. This applies in particular to the 'declining industrial areas' and the traditional industrial regions of the Union. These regions and areas were always a focal point for the various pay, employment and economic policy campaigns of the trade unions. It has been mostly in these regions, against a background of growing social and economic problems, that labour organizations have begun, since the mid-1970s, to develop approaches for trade union regional and structural policy, and to acquire skills in this area (Albers/Voss (1993)).

Economic and social crisis as a starting point for regional activities relating to specific or indeed all sectors is a characteristic feature of trade union experience in most industrial regions in the Union. To save and protect jobs, the trade unions developed concepts for structural transformation, employment policy and alternative forms of production and work. This trade union involvement is often supported in the region by a political climate in which public institutions and employers are prepared to cooperate and engage in dialogue.

In the other 'problem regions' of the Union, above all the economically and structurally weak regions, the trade unions have much greater difficulties occupying the regional dimension and filling it with activity. As mainly rural societies predominated by small enterprises, these were always areas where the unions were relatively weak; in many cases, they were effectively ignored by the national federations.

As European integration has advanced, new forms of trade union cooperation have also come into being on the interregional level. Since the

mid-1970s, the Interregional Trade Union Councils (ITUCs) have developed into an important precursor for a new, horizontal and international level of trade union organization.

It is surely no coincidence that the first example of transboundary regional cooperation came into being in 1976, during a severe crisis in one of the oldest industrial regions — the Saarland-Lorraine-Luxembourg region. As already described in connection with the traditional industrial regions, the crisis here provided the impetus for transnational involvement on the part of the trade unions. The growing structural problems in the coal, iron and steel industries, but also the international capital links and the risk of severe com-

petition with other such locations, were the reason why the regional trade union federations decided to work together. In addition to the relevant DGB district organization on the German side, the regional organization of the CGT-FO and the Luxembourg CGT, as well as the French CFDT also participated (for more details, see the relevant sections in Chapter 5).

The ITUCs are the pioneers of transboundary regional trade union initiatives. The initiative of the four 'motor regions' (Baden-Württemberg, Catalonia, Rhône-Alpes and Lombardy) has also led to moves towards cooperation on the trade union side, although this has been limited so far to the organization of work sessions and conferences.

2. STRUCTURALLY WEAK REGIONS AND THE TRADE UNIONS

2.1. The profile of structurally weak regions in the Union

As already emphasized in the Introduction (Section 1.2), regional support has become one of the most important political fields in the course of the last 20 years. Important changes such as the accession of the southern European countries to the Community in the mid-1980s, the far-reaching reforms of the Structural Funds in 1988 and the introduction of the Cohesion Fund following Maastricht are all steps in this process, and a clear illustration that European structural assistance is primarily directed at the structurally weak areas, regions and Member States. In 1990, for example, about 20% of the Community's population lived in areas with per capita income levels more than 25% under the Community average, and which were therefore classified as 'lagging behind in their development' and eligible for support from the Structural Funds as Objective 1 areas. One of the most important extensions of the Structural Funds since the accession of the southern European Member States was the addition of the east German *Länder* and their 15 million inhabitants following the redefinition of Objective 1 regions in 1994, which also added a number of other European regions to those receiving assistance.

The special relevance of the structurally weak regions for European regional support is also manifested in the fact that the Union diverts an increasing proportion of its budget to supporting these regions. Between 1989 and 1993, EC expenditure through the three Structural Funds (the ERDF, the ESF and the EAGGF amounted to ECU 58.3 billion (European Commission (1989));

following the reorganization of the Regional Funds and the introduction of the Cohesion Fund, the volume of funds allocated was increased to ECU 155 billion for the 1994-99 period, of which the major proportion will flow into the weakest regions of the Union (Waniek (1994)).¹

The concept of structural weakness is applied in this study not only to the Objective 1 areas, however, but also to those regions which are only lagging behind in their economic development within the respective national context. The most important elements of this extended concept of structural weakness are outlined in the following.

In order to define a region as structurally weak, one first requires a reference model in relation to which the region in question displays marked disadvantages and weaknesses. These weaknesses then manifest themselves as poorer economic 'performance' on national and international markets, measured in terms of standard economic indicators such as the regional gross added-value or employment statistics. In general, the following characteristics of structurally weak regions *vis-à-vis* the more successful and prosperous regions can be identified:

- (i) a peripheral location remote from national and European development axes;
- (ii) deficits in infrastructural resources and a lack of modern services;

¹ In 1991, a good 80% of the funds provided by the European Regional Development Fund flowed into Objective 1 areas.

- (iii) deficits in economic structure, characterized by an obsolete sectoral mix and one-sided export trade links;
- (iv) political and institutional deficits, compounded in many cases by a weakly developed regional awareness on the part of social actors.

Despite progress in the fields of transport and communications, peripherality remains one of the crucial deficits of structurally weak regions. They have major difficulties in establishing links with national and European transport networks, mainly due to infrastructural deficits and the lack of modern services. The structurally weak regions suffer from a general lack of high-output urban agglomerations and centres of local economic activity. Those agglomerations which do exist are not particularly effective at providing such structures.

The economic structures which have developed within this overall constellation display a low level of dynamic capacity on the whole. The sectoral mix within the regional economy is characterized by labour-intensive production and traditional technologies in small enterprises, and by a lack of modern large-scale and heavy industry. These regions often perform a function within the national division of labour as locations for supplier industries deploying lower-level technologies, which renders them particularly vulnerable to cheap suppliers from Eastern Europe and the Pacific zone. Modern industrial enterprises attracted to such regions by the cheap labour supply or other benefits have established few organic links within the local economy, and generally fail to supply the latter with any fresh impetus.

The structurally weak regions also feature a weakly developed political and institutional framework, the causes of which can vary enormously. One important characteristic they have in common is that regional actors play an active role in only the rarest of cases. In all, the political-institutional and social basis is too weak to enable the articulation and assertion of regional interests *vis-à-vis* the national level. This also results in the oft-cited tendency of actors in structurally weak regions to rely on external assistance rather than on indigenous forces.

As far as the environmental situation is concerned, the structurally weak regions of the Union are in a favourable position on the whole. Even though this 'soft' location factor has not triggered off any major relocation trend as yet, these environmental benefits often form the basis for a significant tourist industry. What can often be observed, however, is the threat to these resources implied by an excessive readiness to make environmental concessions to potential investors. The environmental standards of such companies tend to be lower than elsewhere in the Union. These factors mean that structurally weak regions are still far removed from any 'sustainable development'.

Identifying regional sub-groups

Due to the major differences in economic potential, in the conditions of structural weakness and in the development prospects of the structurally weaker regions, it makes sense to distinguish between two sub-groups. In the following, therefore, a distinction is made between traditionally less-favoured regions and regions which are obstructed in their development by special factors.

The first group comprises peripheral areas within the core States of the EU, whereby the southern European Member States predominate. These are peripheral areas that have been structurally weak and lagging in their development for some considerable time, and where obstacles to development arise from factors which can only be corrected in the very long term — such as the lack of urban agglomerations and the infrastructural weaknesses associated with this. This group also includes those Member States where the level of economic development lags significantly behind the Community average on the whole.

The second group is much more heterogeneous, and displays structural weaknesses that result less from absolute structural deficits, than from an 'obstructed' or 'blocked' development, the causes of which must be found outside the region itself. These developmental blocks can derive, for example, from shifts in trade flows, displacement of economic zones, or result from reorientations of national economic interests. As is shown by recent experience in Eastern Europe,

changes of economic system can cause a radical deterioration in the position of regions and States. Although extending far back in time in many cases, all regions blocked in their development have gone through economic and political heydays of their own before losing their competitive strengths. They may well possess resources that could enable them to hold their own in interregional competition (such as good infrastructure), but these resources are left untapped.

The intention behind the inclusion of 'blocked' regions in the group of structurally weak regions is to make the endogenous potentials of regions a classification criterion. In addition to the peripheral areas in the Community which are eligible for support under Objective 1, other regions exhibiting the obstacles to development described above and which have been unable so far to approach the national level are also included in this group.¹

Regional development and the single market

As is shown by longitudinal analyses of regional GDP development in the 10 lowest-income and the 10 highest-income regions of the Community (European Commission (1991a)), two very different phases of development can be identified for the 1960-80 period. Whereas the growth periods in the 1960s and 1970s displayed greater convergence, disparities increased considerably again during the recessionary phase from the mid 1970s onwards. This development lasted well into the 1980s, albeit in weakened form, and remained more or less unchanged despite improved economic conditions.

In contrast to the convergence phases, recent development displays major inhomogeneities, depending on the particular country and region in question. Whereas Spain has shown improvement *vis-à-vis* the Community average with respect to both GDP and unemployment, Portugal achieved this only in the field of unemployment,

¹ These include the French regions of Limousin and Auvergne, as well as the peripheral Atlantic seaboard regions, the coastal areas in the north-west and the south-east Bavarian frontier areas in Germany, as well as the entire northern region of the United Kingdom.

and Ireland only in relation to net added value. Greece fell behind the European average on both indicators. The position of the southern Italian regions deteriorated similarly, in terms of both European levels and overall Italian development. The analysis of the changing disparities between countries and regions in the course of the 1980s (Commission of the European Communities 1991a) also shows that the differences between the national States shrank to a slight extent, but that those between the regions increased on the whole. These conclusions refer only to the past decade (European Commission (1991a)), and therefore do not take into consideration the impact of the most recent economic crisis. Experience to date suggests that the latter will cause further growth of regional disparities.²

It is virtually undisputed that European integration has induced positive growth effects and will continue to do so in the future (see Padoa-Schioppa *et al.* (1987); Cecchini (1988)). Such growth will produce very different impacts, however, on account of the economic geography and structure of the individual regions. The risk of a 'Central European development dynamic' cannot be fully discounted, for example. Together with the growing severity of regional competition, weaker regions face the threat of being isolated from the dynamics of the single market. The fourth periodic report of the European Commission on the socio-economic development of the regions points out in this connection that dismantling regional disparities must be viewed as a long-term task (European Commission (1991a)).

However, the question must be posed as to how far a 'catching up' strategy can be a realistic perspective for all the regions examined here. In the traditionally less-favoured regions, there prevails a justified dissatisfaction with the results obtained through the development path taken hitherto. Most observers agree that growth has been achieved in lagging regions, but that this has been very unstable and largely dependent on impulses provided by external demand.

² Reference is made in this connection to long-term tendencies towards convergence or divergence, since the economically more dynamic regions display higher reactivity to economic climate over the short term. Because of this temporal shift, downturns in the economy tend initially to produce a certain degree of equalization between regions.

Developments in recent years have also shown that while economic growth in Europe is a necessary requirement for any equalization, it does not of itself suffice. The next years will show whether there is any automatic link at all between growth and regional equalization. There is every reason to fear that the development of regional disparities can lead to hysteresis effects, with disparities increasing during downturns in the national or European economy, but remaining at the higher level or reduced to only a minor extent in periods of economic recovery.¹

The basis for those industrialization concepts which have produced at least short-term improvements on the labour-market has been called into question by the internationalization of economic relations, above all by the opening up of the eastern European economies. The structurally weak regions in Germany or France are progressively losing their significance as a reservoir of cheap labour, while this division of labour model will continue to be immensely important in Spain and Portugal for the foreseeable future.

Independently of the economic problems which exist, there is also the question of the environmental limits to this development model. Achieving the level of industrialization typical of the prosperous regions cannot be the development objective for regions whose economies are lagging behind, neither in Europe nor globally, since existing resources and environmental potentials will not suffice in the long term. The 'catching up' strategy based on economic models geared to interregional competition encounters its limits at this point, without any satisfactory concepts for sustainable development becoming apparent.

In addition to these fundamental considerations, any strategy aiming at 'catching up' with and copying the economically more successful regions must now be called into question for other reasons as well. Too many industrialization projects in the past are now considered to be failures, primarily because the projects were inappropriate for the regional situation and the fact

¹ Hysteresis effects of this kind have been observed for some years now on most European labour-markets: unemployment rises in periods of economic crisis, but when the economy improves, labour-markets fail to recover completely.

that locational disadvantages cannot be permanently eradicated. Moreover, given the increasing signs that growth in the prosperous regions will mainly be qualitative rather than quantitative in nature, it is unlikely that land and labour bottlenecks will occur which could favour any displacement of economic activities into the structurally weak regions. These must focus their efforts on locating industries which match regional conditions, on the one hand, but which do not pose a threat to the major potential represented by a relatively intact environment, on the other. The sustainability of regional development must be assigned priority over any short-term successes on the employment market.

Such an approach has much in common with alternative regional development models which focus especially on intraregional development (Nohlen/Schulze (1985)). Strengthening regional structure should be considered at least as important as any strategy aimed exclusively at exports and economic growth. The aim of organic and sustainable development of the region should therefore rank higher than any mere short-term strategies for 'catching up'. The new demands placed on the 'regional milieu' in connection with modern interregional competition, for example in the form of enterprise networks, services and scientific facilities at regional level, can only be met in the structurally weak regions over the very long term, however. In the 'blocked' regions, in contrast, they can be seen as realistic development perspectives.

The strengthening of the regional level through European integration also applies to the structurally weak regions, of course (see Section 1.1). However, whereas efforts have already been made in the dynamic and prosperous regions to establish regional European networks, with Europeanization and regionalization understood as being part of any integrated development, the traditionally less-favoured regions have responded hesitantly to these integration processes and the idea of 'regional emancipation', tending instead to see more disadvantages than benefits arising from such developments.

For the group of regions blocked in their development, the issue in future will be to eradicate their structural deficits by exploiting existing strengths,

for example the existence of urban structures. In addition to economic modernization, political and institutional obstacles to development must be corrected that have hitherto prevented the regions from asserting their interests successfully. Against this background, and precisely in regions blocked in their development, great hopes are being placed in European integration and the strengthening of the regional level that this implies.

From the perspective of the structurally weak regions, on the other hand, strengthening self-administrative competence at regional level in accordance with the subsidiarity principle must not involve any reduction of regional equalization and support mechanisms nor should higher or national authorities be relieved of their responsibilities in this respect.

The social partners in the structurally weak regions

Socio-economic relations can be seen in many respects as a carbon copy of the development level in the respective regions. In the traditionally less-favoured regions, social partnership and participation are much less prevalent than in areas whose economic development has shown greater fluctuation in the course of their history. Cooperation between regional actors and a capacity to define and pursue common regional interests is an important precondition that must be met for development impulses to emerge from the region itself. The capacity of regional institu-

tions to assert themselves seems to be greater where the level of socio-economic development is more advanced and where the political culture is shaped by the idea of partnership.

Differences between the two regional sub-groups can be identified with respect to the latter aspect as well. Social structures in the 'classical periphery' show major deficits in comparison with 'modern' regions. These deficits are found both in the institutional field itself (e.g. lack of participative and representational bodies) as well as in the practical utilization of social dialogue structures. In contrast, more active social structures can be identified in the 'blocked' regions, where the problem is more likely to be the lack of regional bodies enabling participation and representation. Where these do exist, they are actively utilized as a rule. Political and institutional factors and the degree of regional autonomy are much more significant among this group of regions than is the case with traditionally less-favoured regions.

These peculiarities mean that trade unions have an important intra and interregional role to perform. Despite the difficulties they face in the traditionally less-favoured regions on account of their lack of local presence, they are an important actor in the search for regional development pathways. With their basic understanding of social solidarity, regardless of political differences, they have an important task to fulfil in defending the objective of regional equalization. This task is enormously important given the essential importance of transfers, especially for the structurally weak regions.

2.2. Regional sketches

According to the criteria for classification of the regions into the Objective 1 support, only Castilla-La Mancha, Campania, Brandenburg and Saxony, as well as some areas in Scotland have a regional GDP less than 75% of the Community average. In contrast, the structural weakness of Auvergne and the German north-west region are only apparent within a national comparison. A common feature of critical interest for the purposes of this study, however, is the role these regions play within the national division of labour. Despite the major differences between them as far as development standards are concerned, they all function as a reservoir of cheap labour for the richer areas in their respective countries.

Castilla-La Mancha

The central Spanish region of Castilla-La Mancha, with a land area of 75 000 km², is the third largest autonomous community in Spain. One characteristic of this dry region is that it has the lowest population density in Spain, at 21 inhabitants per km² and a total population of 1.7 million. Despite intraregional migration tendencies to the cities, there are only 13 towns with more than 20 000 inhabitants.

The historic region of Castilla was the nucleus and centralist power base of modern Spain as it developed in the late 15th century. Under the regency of Isabella the Catholic (1474-1504), Castilla united what today are the autonomous regions of Cantabria, Rioja, Castilla-Leon, Extremadura, Murcia, Andalusia, Madrid and Castilla-

La Mancha. It was the dominant region in Spain and the Castilian dialect became the official language in all parts of the country. The liberal reforms of the 19th century, which were inspired by French centralism, put an end to Castilla's political unity. Four of the five provinces in the region of Castilla-La Mancha today (Ciudad Real, Cuenca, Guadalajara and Toledo) formed 'New Castilla' together with Madrid; the province of Albacete was assigned to the Murcia region instead. The division of traditional New Castilla and the reorganization of the regions through the establishment of the State of autonomous communities after 1979 were intended to prevent a revival of Castilian dominance in Spain. For this reason, Castilla-La Mancha today does not correspond to a 'historical' region, unlike many other autonomous communities in Spain. As a consequence, the region was not granted privileged rights of autonomy under the Spanish constitution, as was the case with other territorial authorities.

The economic structure of the region today features major imbalances resulting above all from the different historical influences to which the sub-regions were exposed. Whereas the cities in the north already enjoyed substantial rights of self-administration during the Middle Ages, and achieved a certain amount of prosperity as a result, the south-western province of Ciudad Real declined to a mere transit area for the reconquest of Andalusia under the chivalric orders. The inefficient production and ownership relations in the *latifundia* economy which developed in the process can be seen to this day as one element obstructing regional development. Limited

resources were an additional factor restricting the growth and development of the region.

Even today, Castilla-La Mancha is not an integrated economic zone, but is economically overshadowed by Madrid and the Spanish Levant coast. Because Castilla-La Mancha performs a hinterland function for widely dispersed economic areas, the region is subjected to powerful centrifugal forces. Whereas parts of the Guadalajara province can already be considered part of the industrial area of Madrid, and its regional per capita income is above the Spanish average, incomes in the provinces of Albacete and Cuenca are only about 80% of the average. The region's manufacturing base is limited, with the exception of those industrial areas centred on Madrid, to the few urban centres that exist. The industrial structure is basically dominated by small enterprises, and possesses a low level of technological intensity.

Castilla-La Mancha profited on the whole from Spain's favourable economic development during the 1980s; migration levels from the particularly disadvantaged regions declined somewhat as a consequence.¹ However, the peripheral areas of the region benefited especially from the favourable economic situation. During this period, Castilla-La Mancha was able to improve both its per capita income and its unemployment level in relation to the Community average. In 1989, the gross added-value per inhabitant was 84% of the Spanish average.

Today, neither Toledo nor any of the other provincial capitals can play the role of metropolis for the entire region. Historical division and the orientation to external economic zones mean that regional awareness is still very weakly developed. Besides administrative demarcation as an autonomous community, the only real factors enabling regional identity have been joint projects and the establishment of a regional university.

The quality of the environment in the region is essentially high. Castilla-La Mancha's assets in

¹ The region has a long history of migration from the time when Toledo lost its function as a capital city to Madrid (1561). Since the 19th century there has been a steady rural exodus, continuing in the period since the Second World War and only coming to a halt during the 1980s.

this connection include low population density and highly attractive landscapes little-frequented by tourism, making it one of the most unspoilt natural areas in Spain.

Castilla-La Mancha's long-term development prospects depend on the extent to which it succeeds in fulfilling its role as an area linking the national growth zones in Madrid and the Levant coast. Much will also depend on whether the region is able to extract itself from its present day role as a transit region and become a focal point for economic activities.

Auvergne

Auvergne has a land area of 26 000 km², a population of 1.3 million, and is one of the smaller of the 22 French regions created by the territorial reforms of the 1980s. In its present day form, the region is an amalgamation of the Allier, Puy de Dôme, Cantal and Haute Loire *départements*; the only thing it shares with historical Auvergne is its name. Like many other regions, the latter disappeared in the wake of the French Revolution and the introduction of the *départements* under Napoleon.

Auvergne today is a classic example of rural, traditional France, or *France profonde*. The characteristic feature of the French provinces is their anchorage at local community level, as manifested in the retention of many self-administering municipalities. There are more than 1 300 local authorities in Auvergne alone. At the same time, Paris bears responsibility for all important matters; in Auvergne, as elsewhere, it is common practice for the mayor to travel to the capital on a regular basis.

Another characteristic of rural France is the dominance of the *département* as the relevant political level between municipality and national State. The regional political bodies are still waiting to be filled with life, and this applies equally to Auvergne. So far, none of the regional actors has made the region itself the centre of his political activity. However, the trade unions are also far removed from seeing the region as an important level for economic and political decision-making.

Despite its mainly rural quality, Auvergne is not a homogeneous region; socio-economically, it is characterized more by differences than by any common features. At a very simplified level, we can identify two sub-regional areas. The north-western part of Auvergne around the Montluçon centre is secularist and traditionally Communist in orientation. The south-eastern part, the centre of which is Puy (le Velay), in contrast, is more conservative and coloured above all by Catholic influence. Between these two is a wide area where a balance is sought between these two poles and where the orientation is more towards the central powers in Paris.

Auvergne is also exposed to centrifugal forces of an economic nature. Mainly as a result of improvements in the transportation infrastructure, the south-eastern part of the region has come under the influence of the Rhône-Alpes economic space more and more in recent years, whereas the north continues to look towards Ile-de-France. Even though more than a quarter of the inhabitants in Auvergne live in the urban agglomeration around the regional capital, Clermont-Ferrand, the latter's force of attraction is limited to only part of the region and its small-town character remains relatively unchanged.

The traditional isolation of Auvergne due to its location in the middle of the Massif Central was offset in recent years by ambitious infrastructural measures. Existing motorway connections to Paris and Lyon have enormously improved links to France's economic centres. Auvergne places great hopes in the completion of the Paris-Montpellier motorway via Clermont-Ferrand, an alternative north-south link aimed at relieving the pressure on the A1, which follows the Rhône valley. Despite this new road, however, the accessibility of large parts of this mountainous region will continue to be poor.

The region's economic base is its important agricultural sector and the industrial monostructures centred on the rubber industry. Michelin is by far the most important employer. The regional industry is otherwise dominated by small and medium-sized enterprises in every possible field. One tradition worthy of note is the cutlery industry in Thiers.

The per capita income of Auvergne is below the French average, but since this is mainly determined by the Paris region, the region actually has a middle ranking on a national comparison. However, it should not be overlooked, that, due to the high average age of the population, transfers in the form of pension payments make up a substantial proportion of regional income.

The future of the region would appear uncertain. Its most important industrial sector, the rubber industry, is currently going through a difficult phase. The age structure of the population and above all the outward migration of young people is one of the greatest problems facing Auvergne; in spite of what is now a wide range of educational and training opportunities, the region has not succeeded as yet in stopping such migrational tendencies. One of the key resources of the region is without doubt its spectacular volcanic landscape and largely intact natural environment.

Auvergne belongs to the traditionally less-favoured regions of France. This structural weakness is also mirrored in the severe lack of regional actors and weakly anchored regional trade unions, which of course is closely related to the poor manufacturing base. At the same time, the general structural change within the Auvergne economy is occurring at a slower speed than in other parts of the country. This fact, too, is mirrored by the local trade unions of Auvergne, which continue to show a strong tendency to traditional lines of division, and hence to be characterized as somewhat conservative in orientation.

The effects of European integration on Auvergne are difficult to estimate — the only thing that is certain is that the geographic centre of the European Union will shift slightly towards the east, from the village of Saint-André-le-Coq in the *département* of Puy-de-Dôme to Saint-Clément in the *département* of Allier — as a result of German unification. Enlargement of the European Union to the north, however, will mean the final loss of this 'privilege' enjoyed by the Auvergne region.

Campania

In this study, the region of Campania is representative of the problem regions of the Italian

Mezzogiorno.¹ Campania has a special position, in that the region and its capital city, Naples, is also the secret capital of the entire Mezzogiorno.

Naples was always the centre of economic and social life in southern Italy. The kingdom of Naples existed from the 13th century until Italian unification in 1861.² For centuries, the city was the seat of court and the centre of cultural and academic life; the University of Naples was established as far back as 1224, by Frederick the Second. During the Renaissance, the city made a powerful contribution to the unification of the entire Mezzogiorno. At first it was not so much a production location as the centre of the southern Italian *latifundia* system. In the 16th century, the kingdom of Naples had more than two million inhabitants, of whom one sixth lived in Naples, making it the second largest city in Western Europe after Paris. It managed to retain its importance as a southern Italian metropolis for over two centuries; important forms of production originated here, and its port profited from the rapid growth in the exchange of goods (corn, oil, silk and wool) in the world economy at the start of the capitalist age.

Naples, identified for six centuries with the continental Mezzogiorno, lost much of its influence as a political and administrative centre with Italian unification under the leadership of the Piedmontese kings. The end of the kingdom of Naples and the loss of its function as capital city were accompanied by a conscious policy of 'de-Neapolitanization' of the Mezzogiorno, expressed in the forced tying of the southern provinces to the north and the partially successful attempt at decoupling Naples.

Today, the region has six million inhabitants on a land area of 13 600 km² — the highest population density in Italy. There is a powerful internal

opposition between the highly populated urban centres along the coast and the thinly populated areas in the mountainous hinterland. The provinces of Naples, Caserta and part of the province of Salerno are the centres for industrial activity in the region, while agriculture has remained dominant in the provinces of Benevento and Avellino.

Campania functions as a link between central and southern Italy. As the most heavily industrialized region in southern Italy, it exerts a considerable economic pull on its neighbouring regions to the south. Despite the relatively dynamic development of Apulia and Abruzzia, Campania has been able to assert its leadership. This central role also puts the region at the centre of the unresolved development problems which plague the south of Italy. Naples symbolises the worst of these problems, namely unemployment and organized crime. The profound class differences which continue to prevail, as well as new problems in the health service and the supply of housing, combine to obstruct the region's development.

Even though Campania has a long tradition of structural weakness, its development opportunities appear to be blocked both internally and externally by a number of special factors. The changing role and importance of the Mediterranean zone, the achievement of Italian unity with Rome as the capital and the mistakes made in the field of regional assistance, which tended to cement rather than loosen dominant relations, have prevented the economic and social revival of the region to date.

The economic situation in Campania provides little ground for optimism. Regional GDP in 1990 was only 69% of the Community average. Although unemployment declined slightly, the rate of youth unemployment, at around 50%, is a clear indication of how critical the situation continues to be. The backwardness with respect to the Italian average that besets Naples and the entire Mezzogiorno, above all with respect to the regions of northern Italy, remains dramatic. The inner-Italian development gradient, aside from the problems ensuing from the unification of Germany, must be seen as one of the greatest regional policy challenges in Western Europe.

¹ The Mezzogiorno comprises the regions of Campania, Calabria, Apulia, Abruzzia, Molise, Basilicata and the two islands of Sicily and Sardinia. This area is home to over a third of Italy's total population.

² In the period between 1442 and 1458 and from 1816 to 1860, after the respective annexations of Sicily, Naples was the seat of the 'kingdom of the two Sicilies'. This name derived from the difference between the continental part (the kingdom of Naples, *citra pharum*, the Strait of Messina) and the island of Sicily (the kingdom of Sicily, *ultra pharum*). See Ghirelli (1992) on the historical importance of Naples.

The economic structure of the region is based on a high percentage of companies operating beyond the confines of legality, paying no taxes and with totally unregulated working conditions. It is difficult to say whether this parallel economy effectively displaces normal companies, or whether particular sectors can only survive by adopting such forms of enterprise and types of production conditions. Organized crime, as well as political and economic clientelism, puts brakes on any dynamic and progressive forces in the region. The trade unions are among the few social groups who have always combated this deplorable state of affairs.

The environmental situation in the region is characterized on the one hand by extraordinary natural beauty, but on the other hand there are ecological problems of catastrophic dimensions. In addition to marine and river pollution, as well as soil erosion in the mountain areas, environmental degradation of the urban agglomerations by industry and transport is particularly serious.

The current political changes in Italy and the reform of the support measures for southern Italy make it very difficult to assess the prospects for dynamic development in Campania. On the one hand, the changes which are occurring could break up entrenched structures and create more scope for the region. On the other hand, the idea of equalization and solidarity between the regions is now being openly questioned. This also means, however, that Campania's economic basis is at risk and that the region is now facing an uncertain future.

The consequences of European integration for Campania are also difficult to predict. Naples, of course, profits from European regional support and the increasing importance being attached to regional cohesion. The extension of the EU to the north and the concentration of many of its efforts on the East European States also involve the neglect of the Mediterranean zone, at least from the Campanian perspective. The region's peripherality appears to be exacerbated by these changes and shifts. Nevertheless, the most important development perspective for Campania remains the Mediterranean zone, the economic and socio-political importance of which need to be rediscovered.

Scotland

Scotland, accounting for a good third of the United Kingdom's land surface, is the largest standard region in the country. It is also one of the most thinly populated areas in the United Kingdom, however, with only 5.1 million inhabitants. There is a considerable imbalance between the urban agglomerations in the south and the sparsely populated Highlands and Islands in the north.

Even though Scotland has formed part of the economic and political union with England for nearly 300 years now, it has succeeded in preserving an exceptionally strong political and cultural identity. This is closely related to Scotland's own tradition as a nation State and kingdom until 1707, of which there are still many visible traces to this day. This explains why the overwhelming majority of the Scottish population continue to view themselves as a separate nation whose membership of the United Kingdom is still a controversial issue. Because of this special feature, Scotland occupies a special position among the planning regions of the United Kingdom, despite its formally equal level of administrative insignificance.¹

Nevertheless, the economic and political unity of Scotland with England is reality. The Scottish people are British citizens and are ruled by the British Parliament in Westminster. The Scottish economy is fully integrated into that of the United Kingdom and is characterized by traditional industrial structures and structurally very weak rural areas. The contrast between the industrial regions in the central belt between the two dominant cities of Glasgow and Edinburgh, on the one hand, and the basically agricultural Highland and Island region, on the other, are the dominant features of spatial organization. The crude-oil

¹ Constitutional practice in the United Kingdom also grants special national rights to Wales, especially with respect to the protection and promotion of the Welsh language and culture. Wales, however, does not have quite the same tradition of independent nationhood as Scotland, since it has been part of United Kingdom since the early Middle Ages. Finally, Northern Ireland is one region of the United Kingdom that can be compared with neither Scotland nor Wales, since the British State, in its own words, is only intervening in Northern Irish affairs as a protective or occupational force for as long as the Catholic and Protestant communities are unable to resolve their internal security problems and the question of remaining in the United Kingdom or reunifying with Ireland.

boom which set in after 1979 has also created local growth potentials on the east coast.

The economic history of Scotland's traditional industrial centres, in contrast, has displayed the ups and downs typical of declining industrial areas. The industrial metropolis of Glasgow, for example, was one of the centres of the industrial revolution in the 19th century. At the turn of the century it was a flourishing commercial and industrial city, the second richest in the empire after London. This economic heyday was followed in Scotland by the same process of stagnation and decline as experienced by most other traditional industrial regions in Western Europe. In the post-war period, Scotland was one of the main problem regions in the northern part of the United Kingdom, receiving assistance from the British Government. Today, the Strathclyde region, with Glasgow as its centre, is the largest single Objective 2 region in the European Union.

In the 1980s, especially, Scotland's urban centres underwent substantial structural change. Edinburgh developed into an important centre for the service and financial sectors. In addition to northern England and Wales, Scotland has become a preferred location for Japanese and North American companies. Another unmistakable sign of change is the fact that computer products have overtaken whisky as the most important export industry. This has brought positive growth and employment to the region, although not enough to compensate for the jobs lost through extensive deindustrialization, and has tended to increase the Scottish economy's dependence on external factors.

Tourism has become one of the most important sources of income in recent years, especially in the rural Highlands and Islands. The environmental situation in the region is somewhat ambivalent, however. The industrial regions in southern Scotland face serious problems as a result of industrialization, while the situation in the northern areas has improved on the whole. The environmental threat of soil and water pollution by the oil industry is the main problem here.

The question of greater autonomy or even total independence for Scotland has been one of the major issues in British politics in the past. Scotland has been perhaps the most important centre

of opposition against the Conservative government in London since 1979. Demands for more independence gained considerably in momentum during the 1980s. The main driving force is not only the Scottish National Party (SNP), but also the Scottish trade unions and their own federation, the STUC, which sees greater autonomy as one of the most crucial prerequisites for economic regeneration.

The Scots have mixed feelings about European integration. On the one hand, the region hopes for more autonomy through the regionalization process in Europe, but at the same time the economic effects of the single market and the concentration of economic activities in the centre of the Union are seen as a threat which could lead to Scotland becoming an even more peripheral area than it already is.

German north-west region

The German north-west region comprises the State of Bremen, the Weser-Ems local government area (which belongs to the State of Lower Saxony) and the rural districts of Diepholz, Cuxhaven, Osterholz, Rotenburg and Verden.

With a population of just over 3.5 million and a surface area of about 23 000 km², the region is one of the most sparsely populated areas of Germany. The most important urban centre by far is the city of Bremen, which has a little more than half a million inhabitants. The three most important cities besides Bremen are Osnabrück, Oldenburg and Bremerhaven. Three relatively homogeneous sub-regions can be distinguished: Bremen, the relatively densely populated centre of the region; the urban agglomerations of Bremerhaven, Wilhelmshaven, Oldenburg and Osnabrück; and finally the rural areas along the Dutch border.

The north-west region does not exist as a political and institutional unit. Neither politically nor culturally can it be identified as a unitary body. On the contrary, the historically determined lines of division between the various sub-regional areas and local peculiarities determine the thought and action of the people in the region. The Free Hanseatic City of Bremen, composed of the two

cities of Bremen and Bremerhaven, is the smallest *Land* in Germany, and one of the three independent city-States in Germany (Hamburg and Berlin being the other two). Whereas the State borders of the latter are identical with the city boundaries, the city-State of Bremen is composed of two cities, a curiosity that has developed through the special tradition and history of the Hanseatic city.

The eventful history of the Free Hanseatic City of Bremen primarily has been shaped by its constant struggle to acquire and retain political independence, and by the major influence of the ports on its economic structure. Bremen's independence since the year 787 has often been threatened in the course of history. It was partly abolished under the Nazi regime but after 1945, Bremen profited from the fact that the USA wanted its own supply port under its own control. This was why Bremen and Bremerhaven were separated from the British zone of occupation and why the *Land* of Bremen was created. Despite their common history, relations between the two cities are by no means harmonious. Established at the beginning of the 19th century as a North Sea port by the city of Bremen, Bremerhaven often felt itself misused as a 'colony' of the Hanseatic city, and was always interested in acquiring independent status. After the Second World War, this complicated relationship led to Bremerhaven obtaining substantial powers of self-administration and acquiring a reputation as the 'freest municipality in Germany'.

The relationship between Bremen and the other regional centres is also rather complex. Oldenburg and Bremen have competed for centuries for regional predominance, and the relationship still tends to be competitive rather than cooperative. The Weser-Ems local government area has only existed in its current form since the territorial reforms of 1972. There are major differences today between the three sub-regional areas of East Frisia, Osnabrück/Emsland and Oldenburg, which are by no means a political or cultural unit. East Frisia has a powerful liberal tradition, mainly because the feudal lords in this area did not wield the same degree of power and hegemony as elsewhere in Europe. The areas to the east of Bremen are separated from the rest of the region by the river Weser, a natural frontier that is

difficult to cross. Another divisive element is the competition between the ports, which has repeatedly prevented any coordinated approach to development despite the common economic problems they face.

Because of these attachments to different *Länder* and the considerable independence enjoyed by some specific municipalities, major political boundaries continue to exist within the north-west region. The formal creation of the north-west region is still a remote prospect and a difficult one to achieve, despite the fact that cooperation between the various sub-regions has been intensifying for some time now. The wish to create a regional association within the north-west region is derived above all from macro-level developments closely related to European integration. The north-west of Germany is in a relatively peripheral position between other centres. With North Rhine-Westphalia to the south and the Netherlands to the west, the region is quite a distance from the central development axes in Europe. It also faces severe competition from the Hamburg and Hanover conurbations, as well as the Rotterdam/Amsterdam agglomeration in the Netherlands. Only if the north-west region succeeds in finding its own place in this context will the region as a whole have good development prospects. This can only be achieved if one of the main obstacles — the existence of intraregional frontiers — is surmounted.

Another factor which leads to the German north-west region being designated a structurally weak region blocked in its development, besides the obstruction of development opportunities by the administrative and political splitting of the region, is the fact that its economic structure is dominated by traditional industries experiencing structural crisis, as well as less-favoured rural areas. The economic power of the region, expressed as GDP per inhabitant, is well under the federal German average, and a little less than the Community average, even though much higher values than the average are generated in the cities. The typical crisis-ridden sectors, such as shipbuilding, steel and textiles, play a major role in the region. With this basic economic structure, the structural change that the region has been going through since the 1970s generates additional and major problems for the region. At the

same time, some individual areas have succeeded in attracting highly modern industries. Bremen, for example, has advanced to become one of the most important locations for the German aerospace industry.

The North Sea and the economic sectors associated with it have a major influence on many parts of the north-west region. There are nine North Sea ports in the region, and maritime occupations are very important on the sub-regional labour markets. In many towns and cities, shipyards continue to be one of the most important employers. Other major sectors with an impact on the region are automobile engineering, especially in Emden and Bremen, the food industry and its centres in Bremen and Oldenburg, as well as the steel industry, with large steel works in Osnabrück and Bremen. The textile industry is highly significant for the south-western part of the region.

The state of the regional environment is relatively good, largely due to the lower degree of industrial activity. The Wadden Sea along the North Sea coastline is an important nature reserve in the region, but one that is also under serious threat. Environmental problems generally occur on a localized level and are directly related in many cases to specific economic activities. To that extent, the region is caught between the dictates of economics and ecology in some specific respects only.

The trade unions have a relatively strong position in north-west Germany, based mainly in the urban centres and traditional industries. Bremen, in particular, has long been a stronghold of the labour movement. Trade union anchorage in the region has been kept relatively stable, thanks to a number of successful campaigns against the closure of large plants. Despite the structural changes which pose considerable organizational problems for the trade unions here as well, the unions remain a strong and recognized force in society. However, they are also guilty of reproducing, in their organizational structure, the administrative lines of division in the region. Neither the DGB federation nor the various single unions regard the north-west region as a territorial unit. Furthermore, there are few links or interactions between trade union policies in Bremen and the other parts of the north-west region.

Brandenburg

Brandenburg covers an area of 29 000 km², making it the largest east German *Land*. With a total population of 2.6 million and a population density of 90 inhabitants per km², it is also one of the sparsely populated *Länder*. The Berlin metropolis, itself an independent State, is the dominant centre of the region. Negotiations on merging the two States are now well advanced.¹

In addition to the industrial centres in the belt around Berlin, and the Cottbus area where mining and energy production are dominant, Brandenburg also has very rural areas. The region has a long border with Poland, as a result of which it is caught up in the particular problems of the West-East European prosperity gradient.

Brandenburg is one of the German regions particularly rich in tradition. It acquired its political and economic importance as the nucleus of the Prussian State, which advanced to become a European power through many wars waged during the 18th century. Thus, the history of Brandenburg is bound up closely with Berlin's function as capital city, the region also performing functions typical for areas surrounding the metropolis. It also profited from the economic innovations which developed in Berlin during the 18th and 19th centuries, however. One of the most important accomplishments in this respect was the establishment of a mercantile economic system. Brandenburg was thus the first German region in which the modern civil State developed through the political promotion of trade and industry and the development of a public education system.

In terms of industrial history, the area around Cottbus developed, alongside Berlin, into the second important industrial centre in Brandenburg. Initially a location for the textile industry, this sub-region has become one of the most important areas for lignite mining since the end of the last century.

¹ The crucial unresolved issues which could still prevent such an amalgamation relate to the future financing of the State of Berlin-Brandenburg by the federal government within the *Länderfinanzausgleich* system.

After the Second World War and the subsequent division of Germany, this development was interrupted both politically and economically. Because of West Berlin's special status as a Western 'island', the city was not only divided in two and isolated from the surrounding areas; the margravate of Brandenburg was also split up into the east German districts of Potsdam, Cottbus and Frankfurt/Oder. Besides these new territorial authorities, the development of the east German regions was largely determined by an extreme form of centralism in which all public and economic matters were regulated almost entirely by central government in East Berlin.

The economic reconstruction of the region after the Second World War was severely hampered by having to make reparations to the Soviet Union. In the Brandenburg region alone, more than 1 000 factories were dismantled, with production in the remaining factories often used purely to cover Russian needs. As a result, the reconstruction of East Germany did not really get under way until the 1950s. Centralist economic policies reinforced the existing industrial character of the various sub-regions. The area around Cottbus, for example, became a key energy supplier for the GDR, which relied increasingly on the lignite mined there. The other districts, on the other hand, with the exception of some industrial islands, were mainly geared towards agricultural production. The areas around Berlin served as a labour reservoir for the GDR capital, but at the same time major efforts were also made to promote industrial production there as well, especially mechanical and automobile engineering, the construction industry, the building materials industry and electrical engineering.

The fall of the Berlin Wall in November 1989 and the unification of Germany in 1990 were a radical *caesura* for Brandenburg, as for the rest of the GDR. The sheer size of the social transformation in virtually all areas of life that was triggered off by this rupture and which then occurred within a very short space of time is almost impossible to overestimate. Particularly problematic is the fact that the rules, institutions and laws of the old Federal Republic were merely transplanted into the east in the course of that transformation process. Specifically east German circumstances and requirements were not taken into consideration

to any relevant extent. Such a process could only be achieved by replacing almost the entire political and economic elite with people from west Germany. Most of the critical functions were discharged by west Germans, at least during a transitional period.

The transformation process has left behind the same deep scars on the Brandenburg economy as it has in the whole of eastern Germany. By the end of 1993, about 40% of all jobs had been lost. The fact that the unemployment rate in Brandenburg increased to 'only' 15% within two years is largely due to the deployment of labour-market instruments financed by transfers from west Germany. These transfers to Brandenburg effectively doubled the GDP of the region.

Another graphic indicator of economic rupture and transformation is the changes that have occurred in the economic structure. Brandenburg, like the other new *Länder*, has been caught in the grip of an intensive deindustrialization process. Agriculture and industry have been worst affected by job losses.¹ In both a national and European comparison, Brandenburg must be considered today as a region suffering from extreme structural weakness. Its regional GDP is less than 40% of the Community average, making Brandenburg one of the most structurally weak regions in the EU. As a reaction to this weakness, Objective 1 support was extended in 1993 to the entire State; it will accordingly receive substantial regional assistance from Brussels.

The trade unions played a major role in this crisis-ridden transformation, being one of the few functioning mass organizations that were not discredited in the eyes of the population on account of their activities under the GDR regime. The trade unions were therefore considered a guarantee for socially acceptable transformation. The political strength of the trade unions was bolstered by the degree of trust placed in them, although this was also accompanied by enormous pressure to fulfil the population's high

¹ The number of those employed in industry per 1 000 inhabitants declined from 114.21 in January 1991 to 46.70 in June 1993. In absolute figures, this was a reduction from approximately 290 000 to approximately 119 000 jobs in industry. The degree of industrialization in Brandenburg is therefore much lower than the German (about 110) or Community level. The latter ranged in 1989 from 64 for Ireland to 117 for Portugal (Nolte/Ziegler (1994)).

expectations. Despite all their shopfloor activities and development of alternative economic and social concepts, however, the unions were just as powerless as anyone else to prevent the collapse of the economy. Moreover, the trade unions themselves are still in a difficult process of reorganization and reconstruction. Because of the close links between the old trade union federation in the ex-GDR and 'socialism as it really existed', new trade union organizations had to be established and built up in the period after 1990. In most cases, joint regional federations embracing both Berlin and Brandenburg were set up. Loss of membership was minimal at first, but declined substantially as jobs were dismantled throughout the economy. Nevertheless, the degree of organization in Brandenburg is still higher than the federal German average.

Brandenburg's economic outlook is difficult to ascertain at present. Economic decline, more or less inevitable during the transition but partially induced as well by mistaken economic policies on the part of the federal government, seems to be on the reverse. The impact of the transformation crisis will weigh heavily on further developments for years to come. Development is likely to show a high degree of geographical variation. Whereas the prospects for many rural areas are probably minimal, the urban centres of the region, especially in the immediate surroundings of Berlin, have good chances of achieving sustained prosperity. The extent to which these areas will succeed in exploiting the opportunities that exist will depend on how the relationship between Berlin and Brandenburg develops in future.

Saxony

With around 4.7 million inhabitants on an area covering 18 338 km², the free State of Saxony is the east German *Land* with the highest population and population density. The latter, approximately 260 inhabitants per km², is well above not only the east German but also the west German average. The region is very heterogeneously structured. In addition to the urban centres of Zwickau/Plauen, Chemnitz, Leipzig and Dresden, and the densely populated areas

surrounding them, there are very thinly populated areas in the Erzgebirge and Oberlausitz areas. The borders to the Czech Republic and Poland provide extensive contact to the Eastern European neighbours, which means that Saxony is affected by the West-East European prosperity gradient in a way similar to Brandenburg.

Saxony used to be one of the most important industrial centres in Germany. The region existed from 1089 onwards firstly as the margravate of Meissen, and since the 15th century as Saxony. Mining developed in the region as early as the mid-12th century on account of the rich ore resources, and became the primary force powering the region's economic development. Saxony was also where the German manufacturing and publishing industries came into being during the 16th century. The region was therefore one of the 'cradles' of German industrialization. As early as 1839, Germany's first long-distance railroad was taken into service between Leipzig and Dresden. This industrial continuity in Saxony continued after 1945 during the GDR. The region has always attracted the most modern industries at any one time, and since the middle of the last century has largely retained its position as a stronghold of the trade union movement.

The reverse side of this industrial history is the extremely high level of pollution, which has increased still further since 1945. The situation in the lignite mining areas in Oberlausitz is particularly serious, as is the area around Wismuth, which is severely polluted by uranium mining. Saxony is one of the most seriously threatened regions in the Federal Republic with respect to other environmental aspects as well.

Saxony, as a political entity, has played an important role in German history, especially as an adversary of Prussia, its powerful neighbour in the north. Today, the region has more or less the same borders as were laid down after the Congress of Vienna in 1815. Because it had sided with Napoleon and was therefore on the losing side, the kingdom of Saxony lost about two thirds of its territory. Besides its political history, Saxony possesses a very lively artistic and intellectual tradition, which was also one of the main points of contrast to Prussia over the centuries.

Saxony was a political and administrative *Gau* (province) under the Nazis, but after the war was split into three districts: Chemnitz, Dresden and Leipzig. Two rural districts were attached to the GDR district of Cottbus, most of which is now part of the State of Brandenburg. This administrative allocation shows clearly the low status granted to regional traditions in the GDR, and the powerful extent to which centralist thinking dominated all areas of society.

After the Second World War, Saxony also suffered from having to make reparations, but developed as early as the 1950s into the dominant industrial region in the GDR, with the processing industry being the most important in this context. The region's contribution to the GDR's economic output was well above the national average. However, a severe industrial crisis hit the region as early as the 1980s. Changing priorities on the part of the economic planners led to Saxony's technological development being neglected. This was ultimately expressed in the region having a declining share in the GDR's economic output, without the position of the State as an industrial centre being lost, however.

The transition to a different economic system in the period since 1989 has also meant a radical *caesura* for Saxony, reaching dimensions similar to those in east Germany as a whole, and involving high job losses. About 1.1 million jobs have been lost in Saxony since 1990, with 330 000 out of work in June 1993. Here, too, the relatively low unemployment rate of 15.6% is mainly attributable to large-scale labour market interventions on the part of the German and State governments. In the first two years after German unification, industrial production fell by almost half.

Saxony must also be considered a structurally weak region within a federal German comparison. Its contribution to German GDP amounted to only 2.1% in 1991, and the State's economic strength in the same year was only 38% of the Community average. As is the case in all the east German *Länder*, Saxony's economic development depends significantly on the substantial transfers from the old Federal Republic. The total annual volume it receives is roughly the same as the annual regional output.

The future economic and social prospects of the free State of Saxony are somewhat contradictory. Saxony's rate of economic growth (in excess of 10%) is exceptionally high, even for east Germany, and the region is without doubt the one with the most favourable development prospects. Attaining the west German standard will remain a difficult undertaking until well into the next century, however. Development in the urban centres, especially in Dresden and Leipzig, could be relatively positive, since these can exploit their past economic traditions to some extent. A substantial number of western corporations have meanwhile announced major investments, some of which will be channelled into new production facilities in high-tech fields.

This development is supported by the active industrial policy of the Christian-Democratic government of the State of Saxony, which has succeeded in integrating and tapping the historically based and well-developed Saxon identity, and in this way favouring the mobilization of endogenous potentials. Forging links with exogenous impulses is proving much more difficult. The State must struggle with the federal government's abstentionist approach to structural policy, for example. However, the government of Saxony has been trying to soften the negative impact of the Treuhandanstalt's privatization policies,¹ gradually developing its own independent industrial policy concept. Implementing that concept has failed so far, however, mainly due to the resistance put up by the Treuhandanstalt and the liberal-conservative coalition government in Bonn.

As in all the new *Länder*, the trade union movement in Saxony is faced with the double task of firstly establishing a trade union organization, as well as shaping the transformation process in a socially acceptable way. In doing so, it can draw on the traditions of the labour movement in Saxony and the strong sense of regional identity that exists there. IG Metall, for example, has its only

¹ The Treuhandanstalt (THA) was first set up by the last government of the GDR and entrusted with all nationalized property. After economic and monetary union, the THA was responsible for restructuring the east German economy. Its tasks, as laid down in the relevant acts of parliament, include the privatization, reorganization and liquidation of the State-owned enterprises. However, at a very early stage, the THA assigned absolute priority to privatizing these enterprises as rapidly as possible.

purely east German regional district here, one which also performs a vanguard function for the other east German States in the collective bargaining field.¹ Against the background of unusually severe pressure to solve existing problems, especially given the importance of industry in Saxony and the lack of a direct border to the

Länder to the west, the trade unions in Saxony have developed a wide range of innovative activities in the structural policy field.

¹ In all the other east German States, organizational units were established in conjunction with west German districts. Thuringia, for example, was affiliated to the Hesse district, and Mecklenburg-Vorpommern added to the coastal district.

2.3. The socio-economic and environmental situation

Basic data — the weight of the region

The basic socio-economic data of the structurally weak regions in this study show a considerable degree of spread. Castilla-La Mancha and Scotland are much larger than the other regions in terms of land area, whereas Saxony, Campania and again Scotland are among the largest when it comes to size of population.

The biggest differences with respect to spatial distribution of population are shown by Campania, Scotland and the German north-west region, where many rural areas contrast with important urban agglomerations. Bremen, given its

administrative structure as a two-city State located within another State, has much greater difficulty in fulfilling a role as an urban centre for the north-west region than is possible for the regional metropolises of Edinburgh and Glasgow in Scotland, or Naples in Campania.

Population trends are shaped by both intra-regional as well as external national factors. Castilla-La Mancha has had to accept a steady decline in population since the 1950s, and now has the lowest population density in Spain. Only in recent years has this exodus come to a halt, due primarily to the region's successful economic development. Another factor that may be responsible for this trend is the general deterioration of the

Table 2.1

Land area and population of the structurally weak regions (1990)

Region	Land area in 1 000 km ²	Population			
		millions	per km ²	Change in % (national comparison) 1980-90	Population density (national comparison) Country = 1
Castilla-La Mancha	79.2	1.7	21	2.8 (5.9)	0.27
Auvergne	26.0	1.3	51	-0.7 (5.3)	0.49
Brandenburg	29.1	2.6	91	-0.5 (1.3)	0.41
Saxony	18.3	4.9	267	-5.3 (1.3)	1.20
North-west region ¹	23.1	3.5	150	1.5 (1.3)	0.6
Campania	13.6	5.8	427	6.3 (1.8)	2.24
Scotland	77.2	5.1	66	-1 (2.0)	0.28

¹ The German north-west region comprises the State of Bremen, the Weser-Ems regional district and the rural districts of Diepholz, Verden, Osterholz, Rotenburg and Cuxhaven. The data for the German north-west region are based on estimates, due to statistical demarcation problems. Source: European Commission (1993c); case study on the north-west region.

Table 2.2
Percentage of national land area and population in the structurally weak regions (1990)

Region	Percentage area	Percentage of population
Castilla-La Mancha	15.69	4.25
Auvergne	4.78	2.34
Brandenburg	8.15	3.34
Saxony	5.13	6.19
North-west region	6.46	4.48
Campania	4.51	10.09
Scotland	31.84	8.89

Source: European Commission (1993c); case study on the north-west region.

Spanish economy, triggering the return migration of those parts of the rural population that moved to the cities during the growth years. Nevertheless, population development in Castilla-La Mancha is still lagging behind the national trend. This contrasts with Auvergne, where rural exodus is continuing apace as a result of the relative consonance of economic development in France, i.e. the structurally weak regions show no signs of catching up. Furthermore, the relatively prosperous zones of Ile-de-France and Rhône-Alpes which surround Auvergne continue to exert a certain pull.

Population trends in Saxony and Brandenburg are characterized in very different ways by the changes brought about through unification. In addition to the general decline in the birth rate in the five new States, Saxony appears to be more heavily affected by outward migration of the population to the States of western Germany than is the case with Brandenburg. For the latter region, the possibility of commuting to West Berlin probably reduces the level of out-migration among the residential population considerably.

The slight population growth in the north-west region is congruent with the overall population development in Germany. The high level of population loss in Bremen is closely related to the population growth in the Weser-Ems region, reflecting the population drift from the cities to the surrounding countryside that has been observed in all German cities in recent years.¹

¹ This process has come to a standstill in prosperous growth regions such as Hamburg or Munich, i.e. these cities are once again showing a growth in population.

Campania represents a special case on account of its substantial population growth. Whereas the structurally weak regions in the south of Italy have a population density of 171 inhabitants per km², which is less than the Italian average of 191 inhabitants per km² (ISTAT (1991)), Campania is far in excess of the Italian average. The cause of this, besides the relatively high birth rate, is the attraction that Naples exerts on the surrounding regions. In addition to Naples, Salerno has also become an overpopulated city, making the Campanian coastline one of the most densely populated areas in the whole of Italy. With a population growth that exceeds the national average 3.5-fold, Campania is a unique case among the structurally weak regions of Europe.

The differences between the regions studied reflect major differences in the situation and status of the regions in their respective national context. Scotland's special position as one of the British planning regions is evident from the major share of land area that makes the region stand out against the other British regions. Campania, with a 10% share of the total Italian population, is far ahead not only of its southern Italian neighbours, but is also far above the average for all Italian regions. Auvergne, in contrast, which covers less than 5% of the total national territory and has just over 2% of the total population, is a typical example of the French regional model, based as it is on smaller territorial units.²

² Of the 22 French regions, only Rhône-Alpes and Ile-de-France can be viewed as regions with 'European' format (Heritier (1990)).

The regional labour-market

The comparison of regional and national labour force participation and unemployment rates shows that the participation rates in the structurally weak regions is only marginally below the respective national levels, and that there are no significant differences between the traditionally less-favoured regions and those regions which are blocked in their development. In regions which possess urban agglomerations, unemployment is higher than the national average.

The labour-markets in Castilla-La Mancha and Auvergne are comparatively homogeneous in contrast. Unemployment there is now below the national average. This can be best explained by the fact that in both regions the impact of the structural crises in recent decades has only been weakly felt; however, there is substantial under-employment in the agricultural sectors, and the migration of people in search of work has alleviated the strain on the regional labour-market.

Campania, the sub-region of Bremen and above all Bremerhaven are exceptional cases, having above-average unemployment rates. Today, Campania has one of the highest unemployment rates in Italy, with 800 000 people officially registered as unemployed in 1993. To this must be added about half a million jobs with little or no security. Unemployment is concentrated above all in the regional capital and reaches extreme levels in the actual city of Naples. Naples' role as the urban agglomeration centre for southern Italy ultimately leads to all the problems in the region

being concentrated here to a very powerful degree (Agenzia per l'impiego della Campania 1993).

Bremen, in contrast, has succeeded in the years since German unification in coming into line with the general economic development of the Federal Republic. Saxony and Brandenburg, on the other hand, are faced with the special situation of social transformation, which makes it difficult to relate or compare their dramatic unemployment figures to those in other structurally weak regions. Long-term unemployment and a high level of youth unemployment are a growing problem in all the Member States of the Union. This is especially so in the traditionally less-favoured regions. Unemployment among the under-25s in Castilla-La Mancha and Auvergne is now back at around 25% after a slight drop in 1990, and appears to be deteriorating still further in the course of the general economic development. The figures for Campania are even more alarming, where more than 50% of this age group is without employment (European Commission (1993c)).

Characteristics and vicissitudes of regional economic history

The distinction mentioned above between traditionally less-favoured regions and those which are blocked in their development is partly derived from the economic history of the regions. A common feature of the traditionally less-favoured regions, as seen in Castilla-La Mancha, Auvergne, the Weser-Ems area, but also the rural areas of

Table 2.3

Regional labour force participation and unemployment rates in the structurally weak regions by nation (1990)

Region	Participation rate (%)	Unemployment rate (%)	National participation rate = 1	National unemployment rate = 1
Castilla-La Mancha	43	13.1	0.91	0.80
Auvergne	52	8.7	1.00	1.00
Brandenburg	—	—	—	—
Saxony	—	—	—	—
North-west region	45	7.0	0.96	1.34
Campania	48	19.8	0.98	1.94
Scotland	61	9.2	0.98	1.46

Source: European Commission (1993c); EUREG case studies.

Table 2.4

Sub-categories of the structurally weak regions

Region	Traditional structural weakness	Development block
Castilla-La Mancha	Entire region	
Auvergne	Entire region	
Campania	Avellino, Benevento	Naples, Caserta, Salerno
Brandenburg		Entire region
Saxony		Entire region
North-west region	Lower Saxony areas	Bremen
Scotland	Highlands and Islands, Grampian, Borders, Central Fife, Lothian, Tayside	Dumfries and Galloway, Strathclyde

Source: Own compilation.

Scotland, is that their development has always lagged behind prevailing economic standards. At the same time, these regions are also relatively untouched by the major fluctuations in the economy.

Economic development in the group of blocked regions is somewhat different. Definite downturns and changes in development can be identified here, which have led to development being markedly blocked, a situation that typifies the current structural weakness of these regions. The root cause of the stagnation and decline in the case of Scotland and Campania is essentially the shifts in trade flows and economic zones which have occurred. Brandenburg and Saxony, in contrast, have encountered their most dramatically incisive change in regional development through the rapid transformation of the national economic system. What all the blocked regions have in common, however, is that they are no longer or not yet competitive with their present-day structures.

Distinguishing such regional sub-groups only provides a rough pattern, since traditionally less-favoured sub-regions can also be found among those regions blocked in their development. Nevertheless, the situation faced by Campania, Saxony, Scotland, Brandenburg and Bremen is fundamentally different from the problems experienced by Auvergne and Castilla-La Mancha, if one centres analysis on development to date and bases that analysis on future endogenous development options.

Delayed development of the traditionally less-favoured regions

The economic history of Auvergne is somewhat typical of traditionally less-favoured regions: its peripheral location in the middle of the Massif Central and thus isolated from all important transport links and economic centres has always shaped the development of this region, which has traditionally lagged behind the general trend in France. Its remoteness has also led to national or global economic trends only taking effect after a certain delay and to a weaker extent. This is the case for both positive and negative impacts. In the post-war growth years, the number of jobs in the region grew by 35 000. These were mainly in the chemicals and rubber industries, above all at Michelin, which alone accounted for three quarters of the growth in regional employment. But automobile and electrical engineering also achieved major growth rates in line with overall developments in France. A characteristic feature of this growth period was that growth in employment levels was primarily in large enterprises. Other sectors suffered severe set-backs, however, a trend that was also congruent with overall French development. In Auvergne, the sectors worst afflicted were coal mining and the textile and clothing industries.

Since the mid-1970s, Auvergne has been exposed to a different overall economic situation. With few key industries and lacking the dynamics to create jobs in the service industries, the region has not had many benefits that could have compensated for industrial crisis and the job losses

this implied. Obsolete production methods in the manufacture of semi-finished goods and the highly labour-intensive production of consumer goods led to these sectors being worst affected by downturns in the economy. During the 1980s, industry in the region lost about 7% of its employees, whereas the French average was 2% growth. This is a clear indication that the recovery of the French economy did not filter through to Auvergne.

A similar relationship can be identified in Castilla-La Mancha, a region that has traditionally lagged behind, also within the purely national context. Its structural weakness is due essentially to its relative scarcity of natural resources and unfavourable environmental conditions, above all the sparse vegetation caused by aridity. The limits to economic growth in Castilla-La Mancha are tighter than in other regions of the country on account of this lack of endogenous resources. In the period of economic opening under Franco in the late 1960s and early 1970s, when the Spanish economy achieved high growth rates on the whole, Castilla-La Mancha achieved nominal and real growth rates that were below the national average. Due primarily to large-scale migration of the local population, growth rates today are higher than the national average. This disparity between national and regional growth rates continued at a lower overall level during the recent international economic crisis.

The economic vicissitudes encountered by the blocked regions

The German north-west region was assigned to an intermediate category within our classification scheme, since Bremen is blocked in its development and the Weser-Ems region is a traditionally less-favoured region. The latter, a peripheral agrarian region, has never been of any major significance in the economic history of the Federal Republic. The development of Bremen and Bremerhaven, on the other hand, has run closely parallel to the development of the maritime industries and the ports in the two cities, and has depended on the economic development of particular key sectors. In addition to the negative development of these sectors in recent years, the situation has been further exacerbated by the

problems encountered by the steel sector, one of the most important in the Bremen economy.¹

In total, Bremen's share of national GDP in Germany fell from 1.8 to 1.4% in the period between 1950 and 1988. Once the destruction caused by war had been overcome, Bremen succeeded in the 1960s in catching up with the German average, only to fall behind again in the decade that followed as a result of the oil crisis and the decline of shipbuilding. Not until the end of the 1980s did the city-State again show rates of economic growth of the same order as the federal average. However, it did not succeed in stabilizing this development during the most recent economic setbacks.

Scotland's economic history also has a dual character, stemming from the social and economic contrast between the thinly populated areas of the Highlands and Islands and their dependence on agriculture and fisheries, on the one hand, and the industrialized part of the central belt between Glasgow and Edinburgh, on the other. The development of industrial Scotland was based on the key industries of coal, iron, steel, shipbuilding and the construction of heavy machinery. For many decades, the River Clyde between Glasgow and Greenock was the centre of the British and therefore the world's shipbuilding industry. Scottish industry boomed during the heyday of the British Empire, developing a tradition that influences public thinking to this day. The end of the First World War,² however, also marked the beginning of the dissolution of the colonial empire and the United Kingdom's special role in world politics, although this did not become fully apparent until later. The calamitous economic impacts of the inter-war period persisted until shortly after the Second World War, with only the Midlands and the south-east of England engendering new industries based on the production of durable consumer goods. Heavy industry in Scotland suffered severe decline, with capacities being frozen in the hope that shipbuilding would later rise to prominence again. Scotland's economy did indeed flourish for a number of years subsequent to 1945, but since

¹ The planned closure of the Klöckner steel works, which would have meant the loss of 6 000 jobs in the actual works itself and approximately 5 000 other jobs in supply companies, was only narrowly averted in 1993.

the mid-1950s has fallen permanently behind the British level despite major regional policy efforts on the part of central government in London.

Similar to Scotland, Campania has also lost its once dominant position within the Mediterranean zone as a result of political changes — in this case the decline of the two Sicilian kingdoms and the unification of Italy. Even though Campania was already lagging behind the north-western part of the country in its development prior to unification, the latter had a very negative impact on the region due to the resultant changes in the most important trade flows and areas of economic importance. Furthermore, the centralization of the State, the opening of national markets and the tax wars between the States restricted the scope available to the region's industry and caused the impoverishment of the agricultural sector (Allum). Even though extensive improvement in the level of prosperity has been achieved through transfers, this has not been matched by similar improvements in economic productivity.¹

This gradient of prosperity within Italy was not significantly changed through the regional development measures implemented in the post-war period. External assistance, in the form of heavy industries being located there, and the implementation of ambitious infrastructural projects showed little long-term success.

Saxony and Brandenburg showed the most recent and no less dramatic transformation of economic conditions. The transformation of the entire social and economic system has turned both areas into crisis regions with problems equal in severity to any experienced by the other regions under investigation. The current block on the development of both regions is due to two factors in particular. One is that, after the Second World War, the two regions were part of an economic system that was very inefficient compared with that in West Germany. Secondly, the abrupt changeover to the market economy after 1989 led to a renewed adaptation shock that reduced any potentials that may have existed. To what extent the east German regions will succeed in catching up with west German standards remains an open question. Saxony, however,

has an important industrial history that does not appear to be completely lost, if one considers the above-average growth rates of the regional economy over the last few years.

More recent development tendencies

Although the recent development of the structurally weak regions is determined by a wide variety of national factors, some general development tendencies can nevertheless be outlined. The post-war periods of economic expansion have been associated so far with slight tendencies towards the reduction of economic disparities between the regions, also for the regions studied here. This catching-up process is most clearly visible in Castilla-La Mancha, whose economic development has correlated closely to the general development in Spain during the 1980s and early 1990s. The region is not improving its position *vis-à-vis* the Spanish average, but approximation to the European standard is advancing thanks to the relatively favourable development of the Spanish economy. However, the marginal parts of the region very much depend in their dynamics on the economic influence of the neighbouring regions; to that extent, one can speak of a 'filtering effect induced by peripherality'. This then leads to a more uneven distribution of growth within the region.

One common characteristic of the less-favoured regions is that they profit from space and labour-market bottlenecks in the growth centres. Relocation policies, as have been applied in France and Italy most of all, were also very important for regional economic development in Auvergne, Campania and Scotland at certain stages. Against this background, Auvergne showed a slight improvement in its national position during the 1970s, but this was lost again during the 1980s.²

These company relocation policies brought modern technology into the regions lagging behind. However, this technology was directed much more at exports from the region than at increasing intraregional demand. One example

¹ In the literature, this complex is termed 'growth without development' (Triglia (1992)).

² The Auvergne's share of French GDP rose by 0.02 percentage points to 1.98% between 1975 and 1982, falling back to 1.89% by 1990.

for this is Castilla-La Mancha, which shows pronounced developmental disparities between relatively dynamic marginal areas and other areas in the centre of the region which have been largely untouched by such changes. Although the generally unfavourable state of the economy casts a large shadow as well, recent trends suggest that there is no automatic link between general economic growth and the positive development of regions lagging behind. Castilla-La Mancha is currently the only one of the regions studied that is catching up significantly within a European comparison. In Scotland, this was only the case for a short period in the late 1980s, whereas in Auvergne one can only speak at best of stagnation. The German north-west region is falling further behind, within a national comparison at least, and the position of Campania has deteriorated both in the national and in the European context. The development of the east German regions of Saxony and Brandenburg is difficult to assess at present on the basis of regional growth rates alone due to the special conditions which operate there, such as enormous regional transfers. Even though the economy would appear to have reached the bottom of the trough with some indicators now being positive, the situation continues to be critical. If one compares this with the States in the 'old' Federal Republic, then one sees that there is a regional gradient in Germany that is even more pronounced than the dramatic situation in southern Italy.

It has already been pointed out that the opportunities for catching up on the part of the structurally weak regions have generally stagnated. Mere growth is obviously no longer sufficient to ensure equalization of disparities. The causes of this change are manifold. One very important factor is that growth today is less and less quantitative in nature, but increasingly qualitative instead, occurring under almost constant unemployment levels.

The structurally weak regions are thus increasingly unlikely to profit from any externally induced growth impulses in the future. Instead, their economic development will depend more and more on their internal resources and structures — aspects that will be dealt with in Section 2.4.

Regional economic structure

Following the analysis of economic performance, our focus now shifts to the economic structures of those regions lagging behind in their development, thus raising the question as to what constitutes their developmental backwardness.

In addition to the infrastructural deficits which most regional support measures are aimed at

Table 2.5
**Development of regional GDP in the structurally weak regions
at the national and European level (1985-90)**
(per head in purchasing power parities)

Region	1990 EUR 12 = 100	1985 EUR 12 = 100	1990 National = 100	1985 National = 100
Brandenburg ¹	41	—	—	—
Bremen	148	146	126	128
Weser-Ems	93	89	79	78
Saxony ¹	38	—	—	—
Germany	117	114	—	—
Castilla-La Mancha	63	57	84	79
Spain	75	72	—	—
Auvergne	91	87	81	78
France	112	111	—	—
Campania	69	73	67	70
Italy	102	104	—	—
Scotland	93	98	92	94
United Kingdom	101	104	—	—

¹ The data for Brandenburg and Saxony are estimates for 1991.
Source: Own calculations based on Eurostat, *Annual regional statistics*.

Table 2.6
Sectoral employment structure (1990)

Region	Labour force in agriculture (%)	Labour force in industry (%)	Labour force in services (%)
Castilla-La Mancha	18	36	46
Auvergne	11	31	58
Brandenburg (1989)	15	44	41
Saxony (1989)	7	55	38
North-west region	4	33	63
Campania	12	24	64
Scotland (1989)	2	30	68

Source: European Commission (1993c); EUREG case studies.

Table 2.7
**Sectoral distribution of employment in the structurally weak
regions by nation (1990)**

Region	Agriculture Country = 1	Industry Country = 1	Services Country = 1
Castilla-La Mancha	1.50	1.09	0.84
Auvergne	1.83	1.03	0.91
Brandenburg (1989)	3.00	1.02	0.79
Saxony (1989)	1.40	1.28	0.73
North-west region (1987)	1.00	0.75	1.15
Campania	1.33	0.75	1.10
Scotland (1989)	2.00	1.00	0.99

Source: European Commission (1993c); case study on the north-west region.

eradicating,¹ the most relevant weaknesses of these regions are their lack of modern service industries, an outdated sectoral mix, and the one-sided external trade links that result from this. These structural shortcomings can be seen in the sectoral distribution of employment.

The difference between the traditionally less-favoured regions and the blocked regions is particularly apparent when we compare employment levels in agriculture and the service sector. Castilla-La Mancha has a higher share of employment in agriculture (18%) than Brandenburg and Auvergne. Campania has the lowest proportion of employment in industry,² but at the same time one of the highest proportions of service sector employment. The latter is particularly important, with public service forming a major proportion of

such employment (Svimez (1990)). A comparison of the figures for each of the regions to the national distribution of employment in each case confirms the interconnection between structural weakness and the predominance of agriculture, as well as the below-average share of the service sector.

The differences between traditionally less-favoured regions and the blocked regions can only be partially ascribed to the sectoral distribution of employment and the relative weight of the agricultural sector. Special factors in each country, such as the low level of employment in agriculture in the United Kingdom (only 2%), or the special situation in the east German regions, eclipse the result one would otherwise anticipate, namely a particularly high proportion of employment in the agricultural area.

The differences are more likely to be attributable to the level of employment in the service sector.

¹ The question of infrastructure is dealt with in greater detail in Section 2.5.

² Compared to southern Italy as a whole, however, the level of employment in industry is still well above average.

Regions blocked in their development show percentages about the same as or even higher than the national level in each case. The Weser-Ems sub-region, traditionally classed as structurally weak, breaks this pattern because employment in its service sector is about the same as the national average. This can be explained by reference to a special feature of the German economy, namely that, despite advanced structural change, the latter continues to have one of the highest levels of industrial employment in Europe, thus reducing the relative weight of the service sector.

Brandenburg, also classified as blocked, is another exception in that the percentage of employment in the agricultural sector in 1989 was three times the national average. Brandenburg therefore deviates more than any other region from national figures. However, these figures barely reflect developments since then; in the meantime, rapid structural change has also led to a major decline in the significance of the agricultural sector in Brandenburg. Nevertheless, Brandenburg and Mecklenburg-West Pomerania are still the most agrarian regions in Germany.

Company-based and sectoral comparison

The size distribution, degree of autonomy and importance of public-sector enterprises are all indicators of the industrial structure and the external dependence of regions. Whereas the size of companies allows conclusions to be drawn regarding the structure of regional industry, the extent of their regional autonomy is derived from the ownership structures of industrial enterprises domiciled in the region. The administrative dependence of the region can be seen as an important indicator for the amount of scope the region possesses to take action on its own initiative. The degree of autonomy achieved by a region does not necessarily mirror its level of development. Technological innovations are often transplanted by external investors into regions otherwise lagging behind in their development. One example is Scotland's computer industry, which is almost entirely controlled by foreign investors (Shera/Robertson (1991)).

The size distribution of companies in the structurally weak regions is determined more by special

factors at regional and national level than by the level of regional development. Castilla-La Mancha, for example, is dominated by small enterprises, which employ 93% of the industrial labour force, whereas Auvergne has a highly mono-industrial structure due to the dominance of the rubber industry, which makes its distribution of company size comparable to that in traditional industrial regions.

The role of State-controlled enterprises in the traditionally less-favoured regions is surprisingly small, even in countries where they are otherwise highly important. Nationalized companies are more a feature of declining industrial economies; their significance is considerable in those parts of the structurally weak regions which can be characterized as 'islands of declining industry'. In the group of regions examined as part of this study, Campania and Bremen feature highly important State-owned companies and high dependence of regional industry on government orders. This is especially so for the two east German regions, of course, but these are exceptions due to the fact that all enterprises there were State-owned prior to unification.

Significant differences between the traditionally less-favoured regions and the blocked regions can be identified through an analysis of the regional division of labour. The former group of regions tend to perform a hinterland and supplier function for other regions, whereas the blocked regions are more integrated into the intraregional division of labour. The two sub-groups are also identifiable in terms of the degree of diversification in the regional economy. Unlike the traditionally less-favoured regions, the blocked regions were able to retain a relatively diversified economic structure, although at a lower level than in richer regions.

All the regions examined here are markedly dependent on economic and political actors outside their own territory. Castilla-La Mancha's situation of dependence has intensified since the early 1970s. Today, 97% of all jobs in industry are provided by companies whose head offices are outside the region (Palacio Morena (1993)). These companies are mainly branches of companies located in the industrial centres of Madrid and the Levant coast, and function as suppliers.

Scotland is a similar case. Changing ownership structures in the Scottish economy, where international corporations play an important role, mean that the regional economy is increasingly controlled by companies based in London or other major cities of the world. In the Scottish example, however, companies which are not British-owned work not only at a very high technological level, but also provide a particularly high level of pay. The reverse side of the coin, however, is that the regional actors are unable to change or to exert any serious form of influence on decisions made by such companies.

Campania's industrial structure also exhibits a low degree of autonomy. Its large private- and public-sector enterprises, especially, are part of national and multinational corporations, and limit their presence in the region almost exclusively to supply production. These corporations, which include Fiat, Olivetti, Alcatel, Ansaldo and Fincantieri, for example, have corporate headquarters outside the region. Hardly any research and development potential has been transferred to the region, and no management, marketing or suppliers. The external dependence of the Campanian economy is further reinforced by the dominant position of public-sector enterprises. These are present in almost all sectors, although their relevance for the labour-market is declining.¹

The economic consequences of German unification provided a new application of the 'extended workbench' notion for describing the situation of dependency experienced by the east German regions — a major part of east German industry has lost its independence and is now threatened with degenerating into mere suppliers for west German companies. The lack of corporate traditions and the scarcity of capital have led to the main type of enterprise in the east German *Länder* being small in size. This would seem to be one consequence of the system transfer that cannot be corrected in the short term, and one for which the privatization policy of the Treuhändanstalt is partially responsible (Nolte/Tofaute (1992)).

¹ In all, 50 000 people were employed in State-owned enterprises during the 1970s, a figure which has fallen by more than half as a result of factory closures and restructuring.

In contrast to these examples, the structure of enterprise in Auvergne shows a relatively high degree of autonomy. The figure for industry in 1989 was 74.2%,² a figure exceeding even the French average (71%) (Ministère de l'Industrie et du Commerce Extérieur (1992)). One of the main factors explaining this is that Michelin, the most important industrial employer, has its headquarters within the region itself, in Clermont-Ferrand. Other important industrial fields are characterized by relatively small enterprises, but these have strong regional ties. The cutlery industry in Thiers, for example, is a typical and traditional sector in the Auvergne economy; the fact that this field of production also has a special tradition in Castilla-La Mancha is more a coincidence than anything else, however.

The economic structures of the Weser-Ems region outside the urban agglomerations of Bremen and Bremerhaven show a very low level of industrialization. Agricultural moorland and heathland are the main features of the region. Ownership structures in the sub-region of Bremen display little external control, but there are few large companies from the region itself,³ and above all the most dynamic and innovative companies in the aerospace and automobile industries are parts of internationally operating corporations. The city of Bremen pursues an active policy of retaining what it views as strategically important companies, and is prepared to assume ownership if need be — as clearly shown by its involvement in the plan to save the Klöckner steel works.

Islands of declining industry

The problem of declining industrial islands or sub-regions is particularly relevant in Campania and Scotland, as well as in the east German regions where industrial areas are exposed the special problems of transition to the market economy. Heavy industry in Scotland formed part of the region's industrial history, and therefore has endogenous roots, whereas heavy industry in

² Measured in terms of the number of employees in companies domiciled in the region itself and the proportion of all those employed in the region.

³ The largest Bremen companies are the Vulkan shipyard and the Becks brewery.

Table 2.8

The importance of 'declining industrial islands' in the structurally weak regions

Region	Sectors of the economy	Importance
Castilla-La Mancha	mining, petrochemicals	low
Auvergne	mining	low
Brandenburg	steel	major
Saxony	petrochemicals	major
North-west region	steel, shipbuilding	major
Campania	steel, shipbuilding	major
Scotland	steel, shipbuilding	major

Source: Own research.

Campania must qualify as a classic example of the failure of regional development policy and the problems engendered when industrial enterprises are artificially transplanted.

One component of the State's development strategy for the south of Italy was the attempt, now largely considered a failure, to locate a heavy industrial sector artificially in that region. These industries proved in the end to be even less resilient in these new areas than they were in the traditional industrial regions. The worst hit by changes on the markets for heavy industrial goods were those projects aimed at promoting industrialization and development that in many cases were implanted in the regions without any real reference to the actual circumstances which existed there.

Human capital and level of qualification

The two regional sub-groups differ substantially from each other with respect to their regional human capital and the skills possessed by their labour forces. First of all, the density of scientific establishments in Campania, Scotland, Saxony and Bremen is much higher than in the other regions studied. Secondly, the restriction of the regional economy to manufacturing functions and the low level of local research and development activity leads to a relatively low level of skills among the regional labour force. The consequences for regional development prospects were not always the same; whereas in the expansive post-war development phases there was a

large demand for less-skilled workers, training deficits in the traditionally less-favoured regions are now one of the major obstacles to their further development. In Campania, for example, 65% of the labour force have a low or very low level of school education, and 23.9% have not received a full primary-level education.

The regions blocked in their development, in contrast, possess higher qualification standards and a relatively well-educated population. The problem encountered here is that those with higher qualifications migrate due to the lack of jobs. Human labour is described as Scotland's 'most important export'. Campania served as a labour reservoir for northern Italy during the latter's years of economic growth. In the east German regions, the migration of mainly young people creates the problem that in the course of the system transfer, existing qualifications could become devalued and that those qualifications required today will take a long time to acquire.

Ecology as potential and challenge in the structurally weak regions

The traditionally less-favoured regions and sub-regions can be described as being environmentally favoured. Their relative backwardness in industrial development has contributed to their landscapes remaining intact and little pollution being caused as a result of economic activity.

Their isolation and peripherality is based in many cases on special geological conditions (mountains, islands), but this also makes these areas

attractive for tourism. The inaccessibility of Auvergne is a result of the volcanic landscape that surrounds it. Parts of Scotland and the German north-west region are cut off because they are islands and the same applies to parts of Campania and Castilla-La Mancha.

From the environmental perspective, Auvergne has been spared any form of environmental degradation from urban, industrial or even agricultural sources. As a thinly populated area, it has been little affected by industrial pollution and intensive land use. It possesses rich natural beauty and a landscape unusually rich in variation. It has therefore become popular for those tourists wanting to be close to nature and away from the masses. In 1990, 372 zones having special ecological significance on account of their interesting flora and fauna were identified in Auvergne. Similarly, the thinly populated and relatively isolated regions of Castilla-La Mancha and the Scottish Highlands and Islands have been able to retain a natural environment largely unaffected by degradation. The coastal areas of the German north-west region and those areas near the Dutch border benefit environmentally from the low population density.

The predominance of agrarian structures also creates a range of typical problems, however. The environmental problems in Castilla-La Mancha are due to the increasingly intensive forms of tillage in the agricultural sector. Castilla-La Mancha has one of the largest groundwater reservoirs in the entire Mediterranean basin. Utilization of these underground water resources with the help of artificial wells enabled the shift in the Mancha from traditional dryland farming to irrigated farming. The immense extraction of water over recent years is now threatening to exhaust the remaining reserves and have a negative impact on the environment, with subsidence and salinization of the groundwater being expected within the short term. In the longer term, there are fears that the landscape will degenerate to steppe. An environmental catastrophe can only be stopped if agricultural methods revert to the sustainable use of resources.

The agricultural sector in the German north-west region adds to emission problems as a result of large-scale livestock farming, and to excessively

high nitrate levels in water bodies as a result of overfertilization of land. In Scotland, intensive sheep farming and the overgrazing of entire areas risk increasing soil erosion. As in the mountain regions of Campania, increasing rill and gully formation is a major threat here, too. Another typical problem faced by the rural areas is the lack of waste disposal and sewage treatment facilities.

Much more serious environmental problems can be identified in the urban agglomerations and industrial islands of the regions studied. The situation appears to be most critical in the Campanian agglomerations along the Mediterranean coastline, especially in Naples, where air pollution has already reached alarming proportions. Rivers are seriously polluted, especially the River Sarno, where waste water from tanneries and the tomato processing industries is dumped. Naples has many large industrial plants with a low standard of environmental protection, two refineries that have been closed down or are due to be closed down on account of the serious pollution they have caused, and an oil-fired power station. Serious problems also exist with regard to the disposal of private and industrial waste. The many illegal or technologically substandard landfills have become dumping grounds for poisonous substances for the entire country, not least as a result of the Camorra's activities. Areas with special environmental problems are the province of Naples and the area around Salerno.

In Saxony and Brandenburg, the decline of heavy industry has produced a marked reduction in what had previously been alarming levels of emissions, but at the same time the problems connected with the clean-up of hazardous sites will remain a costly and large-scale task for a long time to come. Besides the east German regions, Scotland and Campania also have major environmental problems as a consequence of industrial decline. The example of Campania, in particular, shows that despite the failure of many different kinds of industrialization concepts, landscapes have been irretrievably lost or can only be remedied at colossal expense.

In the structurally weak regions, the conflict between industrial development and the conservation of nature was often resolved to the

detriment of the latter. The industrialization measures aimed at regional development, which were accorded absolute priority in the past, have caused substantial damage in many cases. The industrial ruins on the Gulf of Naples and Salerno are vivid evidence of this. The Weser-Ems region provides another example of this conflict. The deepening of the River Ems to enable a shipyard to build and transport large passenger ships, and thus to protect jobs, conflicts with the preservation of the regional environment, which is threatened with a lowering of the water table.

In the structurally weak regions of Auvergne and Castilla-La Mancha, and also in the rural areas of Scotland, the conservation and protection of nature is accorded higher priority than any efforts to repair and remedy. The regional actors show a high level of awareness in this field and increasingly demand, more stringent measures

to protect the environment, for example in the form of environmental protection areas. Cleaning up the environment is one of the most urgent challenges in regions with declining industrial islands — such as Campania, industrial Scotland or the east German regions of Saxony and Brandenburg. Given the difficult economic situation in the structurally weak regions, however, one can expect that the conflict between industry and the environment will be resolved to the detriment of the environment in more cases than not. Because industry in these regions tends to work at a technologically low level with a low input of capital, environmental protection measures will also have a powerful effect.¹

¹ A particular problem in this respect is the fact that production is less capital-intensive in the structurally weak regions. The environmental protection measures which had to be imposed on the tanning factories around Solofra in Campania led to more than 1 000 redundancies.

2.4. Institutions and regional identity

Regional identity

The question as to whether and to what extent the territorial level is a place for the aggregation of regionally specific interests is closely bound up with social and cultural aspects, and with formal criteria of State organization. The existence of a pronounced regional awareness seems to be a precondition for the internal articulation of interests. Focusing the attention and action of regional actors on endogenous development factors seems to be especially difficult in regions which are lagging behind in their development, however.

In contrast, regions with blocked development seem to have much better chances of discovering their regional identity than the traditionally less-favoured regions due to the strong traces left behind by historical development processes. However, consideration must also be given to the fact that regional identification relates to the entire region only to a limited extent, but first and foremost to smaller territorial units — unless social actors perceive themselves as being a separate 'nation', as in the case of Scotland.

In those areas which do not possess a regional orientation of any relevance, efforts to achieve greater regional self-determination seem to have been abandoned in favour of solidarity based on the centralist State. Reliance on the transfer of public resources is generally accompanied by an absence of initiative on the part of their own political and entrepreneurial elites, for whom the questioning of the *status quo* can pose a risk to their traditionally privileged access to resources and finance.

As already mentioned, the situation in those regions blocked in their development is somewhat different than in the traditionally less-favoured regions. Particularly illustrative in this respect is the example of Scotland, where the importance of regional identity as a framework for regional actors is very clearly seen. Scotland perceives itself as a 'nation without a State', and has its own political and cultural lines of identity. These stem from a long tradition of nationhood and the development of a separate Scottish society. Scottish nationalist awareness is manifested both in special State institutions as well as in particular social and cultural features.¹ These factors enable the idea of a Scottish nation to be renewed constantly in public life.

The Scottish National Party (SNP), which has close ties with social democracy, is a relatively successful regional party organization. However, purely Scottish issues are a major element in the programmes of the other three relevant Scottish parties — the Labour Party, the Liberal Democratic Party and even the Conservative Party with its Unionist bent. The Labour government was forced, after major electoral successes of the regionalist forces in 1979, to hold a referendum on whether Scotland should remain in the United Kingdom. A narrow majority was in favour of the unitary State. The issue of greater autonomy for

¹ In addition to the recognition of its own public institutions (the Church of Scotland, the legal system, the banking system and the education system) on the part of the British State, there is also a separate Ministry for Scotland (called the Scottish Office) in Edinburgh, which coordinates all policies having a bearing on Scotland. The slight advantage enjoyed by the region in the drawing of constituency boundaries, and the stronger representation of Scottish votes in the Westminster Parliament that this entails, is often cited as a privilege over other parts of the country.

Scotland continues to play an important role in inner- and inter-party debate, as currently shown by the campaign for independent parliamentary representation in Edinburgh (Marr (1992)).

In addition to its capacity for combining interests within the United Kingdom, Scotland has also built up a strong presence in Brussels at both formal and informal level, although its political and social elites regard the political union and the economic impact of the single market with some degree of scepticism. There is a prevalent fear that existing disadvantages caused by the peripheral position and the poor transport links of the region to the Continent will become entrenched unless much stronger regional policy efforts are made than have been seen to date at British or European level (see Hughes-Hallett/Scott (1992)).

The situation is totally different in comparable regions in southern Europe, and to a lesser extent in Auvergne. Here, the relatively short history of the regions as they exist today, which were not established on the basis of traditional territorial boundaries, makes it difficult for any regional identity factors to be generated.

This is particularly the case with Auvergne. The present day borders and sub-regions of the region have nothing in common with historical Auvergne beyond the name itself. There is hardly any basis for a regional political movement that could bundle any traces of regional solidarity or togetherness on the part of smaller sections of the population. Instead, regional forces appear to be split along *département* lines, thus obstructing any inner cohesion. This differentiation at local government level is supplemented at the political-cultural level by two powerful political currents that act to further obstruct the bundling of regional interests: on the one hand, the socialist and anti-religious political culture in the north-west part of the region, and the religious-conservative tendency in the south-east, on the other. The absence of regional identity in the local political landscape is also mirrored in the orientation of the majority of political forces to the capital city, Paris.¹

¹ The distribution of votes in the regional parliament elections in 1992 shows a somewhat higher presence of the Communist Party compared to the national level (almost 10% in the Auvergne compared to 8% at national level). This is accompanied by a striking presence of parties like the RPR (Rassemblement pour la République) and the UDF (Union pour la Démocratie Française) (42.6% compared to a national average of 33% (Le Monde (1992)).

Campania has cultural and State traditions similar to Scotland's, but today these have largely disappeared. The absence of a regional identity is matched by an orientation to the capital city on the part of political actors, and thus by a lack of orientation to regional traditions. Even though socio-cultural identity in Campania is visibly different from that in neighbouring Calabria, intra-regional differences tend to be perceived much sooner than any common factors, with the latter being effectively negated.

Achieving consensus within Campanian public life is thus heavily influenced by clientelist methods in the political sphere and by the existence of organized crime. The Campanian variant, the *Camorra*, controls not only the illegal but also the legal economic activities in the region, and often appears to be closely intermeshed with local political elites. Public tenders, licences, development plans and other economic activities can thus be controlled and influenced. Furthermore, transfers from the State and the European Community are an attractive source of financial and political power that can be tapped through the assertion of political influence (Lamberti (1992)).

The political relationship of forces in Campania was long dominated by the Christian Democratic Party; this dominance was increasingly supplemented by the relative presence of the Socialist Party with which it formed a coalition at national level.² The current political upheaval in Italy is also bringing about the downfall of the Christian Democratic and Socialist parties traditionally dominant in southern Italy, which in turn is disrupting political power relations and decision-making mechanisms in Campania. This upheaval and the new polarity engendered within the Campanian party landscape is shown in the fact, for example, that the fascist party obtained the biggest increases in votes during the local government elections in 1993, whereas a Left-Democrat mayor was elected in Naples. The Campanian

² In the elections to the regional parliament in 1990, the Christian Democratic Party received 40.8% of the votes and the Socialists 19%. On the other side of the political spectrum was the Communist Party with 16.7%, still an important factor in the political landscape; compared to its national share of votes, however, it is much less relevant in Campania, whereas the Socialists succeeded in radically improving their position. The neo-fascist MSI (Movimento Sociale Italiano Destra Nazionale) attained 7.4%, a share of votes corresponding to the southern Italian average, but higher than the national average of 5.9% (ISTAT (1991)).

election results during the national parliamentary elections in March 1994 confirm this trend.¹

In Castilla-La Mancha as well, regional reference points are not provided through living historical traditions, but are more liable to be engendered through specific interests and problems. One such factor which helps create a sense of regional identity is the so-called 'water question': scarcity of water was recently the cause of conflicts with the neighbouring regions of Murcia and Valencia, which require large quantities of water for their citrus fruit plantations. The government of Castilla-La Mancha received powerful support from the population for its demands that the water from the Tajo and Segura rivers also be exploited for Castilian agriculture and for the cities in the region.²

One major obstacle to the regional cohesion of Castilla-La Mancha, however, is the fragmented structure of the municipalities. In 1990, only 7.6% of the population lived in cities with more than 100 000 inhabitants, whereas the figure for Spain as a whole is 42.1%. Toledo, the regional capital, has only 60 000 inhabitants, and cannot perform the function of a regional metropolis. The respective dominance of the capital cities in the five provinces contradicts any coalescence within the region. Furthermore, the Provincial Councils (*Diputaciones provinciales*) which represent the municipalities form an important counter-weight to the regional government, which as a result is somewhat restricted in its scope. The political landscape of the region does not include any parties with a primarily regional bias. On the contrary, nationally organized forces achieved gains in the last regional elections in 1991.³

The creation of structures in the new east German *Länder* which help to generate regional

identity, structures that did not come into being until 1990 on the basis of the territorial units which existed prior to the Second World War, show some special features. The situation of general upheaval and social transformation continues to be the most important factor generating a sense of identity. Room for independent decision-making was restricted as a consequence of negative economic development and dependence on decisions and finances from Bonn, as well as the insistence of the Treuhandanstalt on rapid privatization.

In Saxony, the question of regional identity is posed in a way similar to Brandenburg, although there are some characteristic differences in the political landscape and in the regional focus in politics.⁴ The Saxony government is attempting very deliberately and with some success, under its Prime Minister, Kurt Biedenkopf, to re-establish Saxony's historical identity as an important industrial region, to revive its cultural heritage and to provide the region with a new and modernized political dimension.

Appropriation of the European dimension has so far failed to materialize in east Germany. Europe still appears rather irrelevant as a sphere of political action, since local problems predominate. Nevertheless, the beginnings of supraregional initiatives can now be observed. The gradual opening to Western and Eastern Europe, the establishment of a 'European University' in Frankfurt/Oder, local government and regional cooperation with Poland, or the establishment of city partnerships within Europe are all evidence for an intensification of a supraregional approach. The Euregios with neighbouring East European States deserve special mention in this connection; cooperation at state level has also come into being within the European structural assistance framework.

¹ Both the progressive coalition and the right-wing alliance (*Forza Italia*, *Alleanza Nazionale* and *Lega Nord*) each achieved 33 of the region's seats in the first chamber of the Italian parliament; the centre moderates, where the successor party to the Christian Democrats, the *Partito Popolare* put up candidates, won only 11 seats (*Il Manifesto*, 30.3.1994).

² In the so-called 'water war', the socialist President, Bono, is not only opposing his party friends who rule the neighbouring regions, but is also campaigning against the head of the Spanish government, Felipe González. See the special supplement in *El País*, 24.6.1994.

³ The Socialist Party, the PSOE, increased its share of votes from 47.1 to 52.7%, and thus enjoys an absolute majority in the regional parliament. The influence of the People's Party fell from 41.1 to 36.3%. The democratic Left, with only 6.2%, is far from being a threat to the dominant position of the two parties.

⁴ In 1994, Brandenburg was the only east German *Land* governed by the SPD, who won 38.2% of the votes in the first Landtag elections of October 1990. The CDU only managed 29.4%. The PDS, successor party to the SED, achieved 13.4% of the votes, and therefore succeeded in remaining a relevant force in the region — much more significant than the FDP (6.6%). In Saxony, in contrast, the last elections showed a definite conservative inclination among the population. The CDU achieved an absolute majority of votes (53.8%) in the Landtag elections of 1990, with the SPD managing only 19.1%. The PDS won (together with other smaller political groupings) 10.2% of the votes. The FDP and a combined list of reformist forces with origins in the ex-GDR and the 'peaceful revolution' (*Bündnis 90*, the Greens, New Forum, etc.) failed to win any more than 5.6% of the votes cast.

The German north-west region is an exceptional case among the regions studied, since it does not even form a region in the institutional-administrative sense. The generation of any form of regional identity is therefore limited to the three sub-regions of Bremen, Weser-Ems and the other areas included in the state of Lower Saxony, which possess clearly differing cultural and historical profiles. It has been difficult for any form of regional self-awareness to develop in the north-west region. An important common element within the region, however, is the maritime focus — fisheries, shipbuilding, port management and shipping — that characterizes large parts of the north-west. The city of Bremen is also the actual regional centre for the north-west region, and this favours the integration of the various sub-regions. Whether these factors will suffice to create a regional awareness capable of removing the obstacles mentioned will depend heavily on whether the political-administrative integration of the north-west region makes progress or not. The differences between the sub-regional areas in the north-west region are also mirrored on the political map. The governments in the two *Länder* in question are both controlled by the Social Democrats, but there are still some political differences.¹

The north-west region has a much more direct and positive relationship to the various organs of the European Union than the other regions studied. Bremen, for example, has a permanent office in Brussels and is actively involved in many cooperations with other European regions. The best example for this strong European dimension is the Neue Hanse Interregio (NHI), an organization comprising the *Länder* of Bremen and Lower Saxony, as well as the Dutch provinces of Drenthe, Friesland, Groningen and Overijssel. These partners have agreed to cooperate closely on issues relating to the economy, tourism,

transport, research and development and other fields. Representatives of the social partners and specialist bodies are organized in a total of 12 work-groups. The Interregio, which embraces about 10.6 million inhabitants over a land surface measuring approximately 62 100 km², is the first and the largest regional cooperation measure aimed at fulfilling regional policy objectives. However, it has no decision-making competence of any kind, and there are tight restrictions on its funding and staffing.

Constitutional status and financial resources of the regions

The institutional, financial and programmatic scope enjoyed by the regions is determined to a critical extent by the framework in the respective nation-State. The weakness of the local political-administrative system, cited at the outset as a common feature of the traditionally less-favoured regions especially, is reinforced in many cases by unclear distribution of competences between the regional and national levels.

As mentioned already, Scotland differs from the other standard regions in the United Kingdom in having its own central government ministry — the Scottish Office — in the region itself. However, this institution is not an autonomous Scottish authority, but is under the full control of the London government. Its other regional institutions mean that Scotland has certain of its own structures for regional or even national government and administration, but as far as their competences and scope for action are concerned, these bodies do not possess any democratic legitimation and are just as restricted as in other regions in the United Kingdom (see Midwinter *et al.* (1991)).

Auvergne, in contrast, is characterized by its extreme municipal fragmentation and an unclear distribution of competences between the various decision-making centres. Relations between the various territorial authorities are plagued by conflicts, especially with respect to staffing and funding. There is a general lack of stable cooperation between the institutions, and networking the various actors within the region constitutes a major problem.

¹ In Lower Saxony the SPD obtained 44.2% of the votes in the 1990 Landtag elections, and has since governed in coalition with the Greens, who represent 5.5% of Lower Saxony voters. The CDU received only 42%. Despite minor losses, the SPD has been ruling on its own since the most recent election in March 1994; the FDP, which had 6% of the votes in 1990, failed to cross the 5% hurdle. The CDU also suffered losses, but the Greens showed gains. In Bremen, a traditionally Social Democratic city, the 1991 elections resulted in a so-called 'traffic-light' coalition formed by the SPD, the Greens and the liberal FDP, representing 38.8, 11.4 and 9.5% of Bremen and Bremerhaven voters respectively. The CDU achieved only 30.7%.

This is related to the fact that the regional level in France still does not have the weight it has in many other European countries. The regional level derives its significance above all from its responsibility for planning, for example drawing up the regional plan, negotiating the planning contracts with the central State, or its coordination functions in the fields of regional planning and economic development, but less from its own independent political will to shape society. The powers enjoyed by regional governments in the field of industrial policy, on the other hand, i.e. the right to provide direct financial assistance to enterprises, provide a striking contrast in this connection.

The region of Campania is today more of a geographical and institutional unit than a cultural or economic one. The basic reason for this State of affairs is the recent creation of the regional level and the corresponding transfer of competence from the central State since the end of the 1970s (Dente (1985)). The region is supposed to take over responsibility for planning and the definition of objectives, and to delegate the administrative functions to sub-regional authorities. However, this has only happened in a small minority of cases. The regional administrations operate in a highly centralist manner. The dependence on the central State in general political and regional policy matters produces a general weakness on the part of regional institutions and a relative incapacity of the administrative apparatus to take action. Administrative competences granted to the regions in the field of European regional policy have been exercised to only a minimal extent so far.

Politically and economically, Castilla-La Mancha is also characterized by a lack of inner cohesion, expressed through the competition that exists between the five provincial capitals and the lack of transport links within the region, or between the provincial capitals themselves and the regional centre. The potential unifying force of the regional capital, Toledo, is impaired by the attractive force of Madrid, on the one hand, and by the influence of the Levant coastal region, on the other.

In the case of the German north-west region, the fact that its sub-regions belong to different

Länder makes it more difficult to engage in any form of joint planning and implementation of measures, although the problems which exist increasingly demand joint strategies.¹ Another factor which makes it more difficult to act in unison is that the sub-regions have very different local government constitutions. This produces a complex structure of cooperation within the north-west region. Cooperations exist, but with different territorial coverage — for example at regional commissioner level, within the joint regional planning set up by the States of Bremen and Lower Saxony, and with partners outside the region such as the 'new Hanse interregion'.

State structures in the east German *Länder* are still being constructed. The west German model was essentially copied over to a state that previously had no such *Länder*, entailing complete reorganization of public administration and political bodies, and the large-scale import of the requisite personnel from the west. The municipalities, in particular, faced major problems during the initial phase. One serious problem was the administrative structure of the towns and municipalities, which were not capable of dealing with the new responsibilities vested in them. Administrative personnel were inadequately qualified for the task in hand. Another factor was the extreme fragmentation of the municipalities, towns and districts, which severely hindered any meaningful form of local planning and cooperation. In 1994, Brandenburg and Saxony both decided on territorial reorganization of local government, in a manner analogous to the territorial reforms in West Germany during the 1960s and 1970s. In Brandenburg, for example, the six autonomous municipalities and 38 rural districts which exist today are to be reduced to four autonomous municipalities and 13 rural districts. A similar reduction is also planned in Saxony.

The regional governments in the structurally weak regions are all very restricted in their budgetary options. If they dispose at all of their own regional budget, they evidence much higher

¹ The federalist structure of Germany provides the *Länder* with their own constitutional status, with the *Länder* enjoying considerable autonomy in areas where competences overlap with those of the federal government. Very few competences are the exclusive preserve of central government (currency, security policy, etc.) or the *Länder* (cultural sovereignty, i.e. independence with respect to schools and universities).

Table 2.9

Financial resources of the structurally weak regions

Region	Annual volume of regional budget (million ECU)	Share of regional GDP (%)	Expenditure per capita
Auvergne (1991)	165	1	124.9
Campania (1988)	4 902	10.6	897.3
Castilla-La Mancha (1993)	1 487	7.1	893.1
North-west region (1991) ¹	9 032	15.3	2 553
Saxony (1992)	12 928	50.6	2 638
Brandenburg (1992)	8 056	53.8	3 050
Scotland	—	—	—

¹ The figures for the north-west region were calculated by adding the Bremen and Lower Saxony data: the latter were derived from the figures for Lower Saxony as a whole. When calculating the budgetary data, the proportion of the total population was taken (39%). Because the economic strength of the sub-region in the north-west region is less than the average for the *Land*, only 35% was taken.

Source: ISTAT 1991; Ministerio de Administraciones Publicas MAP Memorias; Statistische Monatshefte Niedersachsen; INSEE, Science 1992; BAW, Wirtschaftsdaten 1992; Statistisches Bundesamt, Statistisches Jahrbuch 1991, Statistisches Landesamt Niedersachsen, Statistisches Monatshefte 8/1992; own calculations.

per capita expenditure than in other regions, while at the same time having lower tax revenue. The budgetary deficits are then filled by transfers from central government or through higher debt.

If we ignore Scotland, which has no freely available budget of its own at regional level, we can see that Auvergne and Castilla-La Mancha have a very low volume of funds available. The higher amount available in the German regions and, with some restrictions, in Campania as well, is mainly due to the substantial proportion of the budgets which are assigned to specific areas (social services and education in Germany, or the health services in Italy). In the east German *Länder*, especially, the establishment of public services is an important area that inflates the regional budget.

The volume of direct taxation revenue in the regions is another indicator of the region's financial scope, and confirms the trend described above. Auvergne's regional tax revenue amounts to only ECU 38.54 million, compared with about ECU 5 billion in the German north-west region, ECU 2.4 billion in Saxony and ECU 1.9 billion in Brandenburg.

The east German *Länder* suffer above all from the very low volume of fiscal revenue they obtain, which necessitates high budgetary subsidies from the western States. For an initial period, these are financed directly from the federal budget, but from 1995 onwards, all the new

Länder (hence Brandenburg and Saxony as well) will be integrated into the *Länderfinanzausgleich* mechanism.¹ The federal government has committed itself to provide special financial assistance to the east German States for a transitional period: only DM 17 billion of the roughly DM 55 billion in redistribution volume has to be provided by the old *Länder*. Under the previous *Länderfinanzausgleich* system, the volume of redistributed finance was approximately DM 7 billion annually.

If one leaves the German regions and their extensive range of competences and financial resources out of consideration, then the limited financial scope is another common feature of the regions studied. Given their weak economic capacity and the dependence on transfers and other forms of assistance from the central State that this implies, the structurally weak regions are more seriously affected by such a situation than other types of region. Institutional structure and regional identity are insufficiently capable of

¹ The *Länderfinanzausgleich* system, the mechanism for financial equalization between the *Länder*, is also being subjected to fundamental reform in the old *Länder*. In order to raise 'average taxation power' to at least 95% of the national average for all the *Länder* through redistribution, the system applied to date was one where payments were made between the *Länder*. This system operated well as a result of the relatively homogeneous finances of the various States. Because the simple inclusion of the new *Länder* into this system of financial equalization increases the volume of finance to be redistributed manifold, and would confront the western States with severe financial difficulties, the requisite volume was spread between central government and the *Länder*. This was made possible by increasing the share of VAT retained by the *Länder* from 37 to 44%. See Laufer (1991).

articulating regional interests and perspectives, and of voicing these in a forcible way to actors outside the region, be it central government or the European Union. One exception is Scotland, whose negotiating strength is much greater than

that of the other regions under comparison as a result of its strong sense of nationhood, the political structures and public institutions based on this identity, and its considerable constitutional importance for the United Kingdom.

2.5. Regionally and structurally relevant policies

As was clearly shown in Section 2.3, different courses of regional economic and developmental history can be outlined for the two sub-groups of structurally weak regions. The change in the role of the regional level that has taken place in a European context in the last decade (see Section 1.1) has also resulted in major changes for the structurally weak regions. Corresponding self-administration levels have been introduced in all regions, with one exception. Only in Scotland did further reduction in and loss of importance of the regional institutions, which were quite weak anyway, and of participation opportunities occur in connection with the centralist orientation of the London governments in the 1980s.

The competences and the opportunities for exerting influence of the regions are determined first and foremost by the national territorial model. However, an important role is played by the structural features and the socio-economic position of the respective region in filling out the pre-given framework.

The national State therefore has a special role as a regional policy actor in all regions. In Auvergne, this is due to the traditional regional planning function of the centralist French State and the continued weak position of the regions with respect to how they are generally furnished with competence and finance. It is also true of Campania, however, that the regional policy for southern Italy is still largely determined in Rome where some of the decisions in important matters of regional development are thus made without the direct participation of the regional actors.

Even though the German federalist model provides the *Länder* with largely independent powers to shape regional and structural policy, in the east German regions this field of politics is to a great extent governed by regional and structural policy decisions of the federal government due to the special situation created by the transition from the centrally planned to the market economy. Although the Treuhandanstalt as administrator of the former State property of the GDR has regional offices and branches, the final decision in questions of industrial policy is made by the federal government.¹

In the case of Scotland, there is hardly any indication of regional competence in the field of regional and structural policy due to a lack of regional decision-making structures. In addition, the financial and political situation of the existing regional policy bodies has worsened in the course of the last decade. The British central government, for example, reduced its regional and structural policy commitment in the form of the two Scottish development agencies on the basis of liberal market economy considerations. It reformed the structures of development planning² that had existed until that time and reduced these to an agency of economic support in the form of the Scottish Enterprise in 1990.

¹ The transfer of Treuhandanstalt enterprises to a State holding company as demanded by Saxony has failed to materialize up to now due to the resistance of the Treuhandanstalt and of the federal government. It must be assumed, however, that the organizations that succeed the Treuhandanstalt after completion of its present mission will be established at the *Land* level.

² These were the Scottish Development Agencies and the Highlands and Islands Development Agency that were set up by the Labour government in the 1970s.

Instruments of regional development planning

Approaches to regional economic and development planning are found in all the regions studied. Some important changes have taken place in the course of the 1980s, particularly in the southern European regions and in France.

In France, the planning agreements between State and region replace the earlier economic planning ('planification') carried out by the national government. Within the framework of these so-called 'planning agreements', joint development projects have been agreed upon and implemented by State and region since 1982. Auvergne as a structurally weak region receives a greater financing share than the economically stronger regions so that the planning agreements also represent an instrument for regional redistribution. In its ideal form the concept of planning agreements was supposed to form a synthesis between the national planning concepts and the regional development plans worked up locally. Due to a lack of suitable resources and institutional preconditions, however, the regional government of Auvergne has dispensed with drawing up its own regional plan up to now.

In the United Kingdom, the role of regional economic and development planning has altered drastically in recent decades. In the post-war period the country was regarded as a forerunner and pioneer in this field and initial approaches to regional structural aid date back to the 1930s. Economic regional planning then reached its high point in connection with the 'national plan' for economic regeneration initiated by the Labour government in the 1960s. Until the 1970s, regional policy also served as an element of the national economic policy and of regional redistribution for the British governments. The latter was attempted by means of an extensive set of instruments comprising subsidies, loans and shareholdings. As in other British regions, a Council for Economic Planning was set up in Scotland with representation of trade unions and employers. Through a central planning authority (National Economic Development Office. (NEDO)) an attempt was made to influence the policy of location of enterprises. At that time Scotland profited from, among other things, the location of

enterprises in the iron and steel processing industry as well as in automobile production. Although these instruments, which included regional development agencies in the 1970s, did not manage to solve the economic problems of regional crisis areas, some successes were recorded. In connection with a general withdrawal of the British State from economic policy intervention, regional policy funds and instruments have been greatly restricted under the Thatcher governments after 1979. This also applies to the instruments of regional development planning in Scotland. In its present form support of the establishment of industry is undertaken with the help of the Scottish Enterprise and its 22 local branches.

Campania, as the most heavily populated region in the Italian Mezzogiorno, profits in a special way from the State development policy. The southern fund (Cassa per il Mezzogiorno) set up in the 1950s was reformed in 1986¹ and replaced by a development agency. This was intended to provide for greater inclusion of the regions and improve cooperation among the various actors within the framework of the so-called programme agreements. The programme and financial policy structure of these support measures is still determined for the entire Mezzogiorno at the national level. The policy for southern Italy and the related redistribution of public resources has effected a significant increase in disposable income in the southern regions of Italy.² A critical assessment, however, must come to the conclusion that virtually no progress has been made in pushing forward development processes (Trigilia (1992)). The extensive reform of the development policy measures suspended in 1993 which is currently the subject of discussion provides for greater planning and financial policy integration of the regions concerned. The first step in this direction is the regional development plan drawn up by the region of Campania in 1991 (Regione Campania (1991)), though inadequate funding has hindered its implementation to date.

In Germany, regional development planning at national level is only marginally important. Since it

¹ Act No 64/1986.

² Between 1951 and 1989, an effective total of ECU 122 billion was spent on measures for the south. This corresponds to an annual subsidy of somewhat less than 1% of the Italian gross national product. In recent years (1987-89) this share dropped to 0.46%. See Trigilia (1992).

does not yet exist as an institutional unit, one can only discern vague outlines of joint planning in the north-west region at present. In the *Land* of Bremen all support measures are contained in the Economic Structural Policy Action Programme (WAP). In Lower Saxony, however, the State and federal programmes have only been implemented in concrete development programmes at the rural district level. The joint State planning of Lower Saxony and Bremen that was revived at the beginning of the 1990s can be described as an initial approach to interregional development planning. The splitting of planning competence on the Lower Saxony side still represents a great obstacle, however.

In the transition from the planned to the market economy in the east German regions, priority was given to a strategy of rapid privatization and the free operation of market forces, rather than any form of planned transition.¹ At the same time, the entire body of instruments for regional support was transferred from the old Federal Republic to the east German *Länder*, without any of the necessary conceptual adjustments being made. It was not until the deficits of this approach became visible, especially in the form of extensive deindustrialization of the east German regions, that the political actors started to think about an active industrial policy aimed at retaining at least the 'industrial core'. One is still a long way from implementation of a nationwide planned development strategy at national level, however. At the regional level, on the other hand, particularly in Saxony, very concrete ideas about the industrial future of the State have been developed; a broad set of intervention instruments has been created in the meantime, including the Saxon Fund, ATLAS (see Section 2.7) and the Saxon Industrial Holding (Nolte (1994)). However, the lack of willingness on the part of the federal government and of the Treuhandanstalt to commit themselves to a greater extent than in the past limits the scope of these industrial policy measures.

¹ There was an academic debate on the possibilities for a steered and planned reconstruction, but at no time were there any real political chances for fundamentally different transformation concepts which would have envisaged, for example, a much more extensive entrepreneurial commitment on the part of the State.

The policy of the European Union in the structurally weak regions

The regions investigated in this study have profited substantially from the regional support policies of the European Union. The most important measure by far is the Objective 1 support provided to structurally weak regions. Up to 1993, only Castilla-La Mancha and Campania profited in their entirety from this assistance. In the current funding period (1994-99), however, the structurally weak regions of Scotland as well as Saxony and Brandenburg will also receive Objective 1 support funds.

In Auvergne and the German north-west region, neither of which are classified as Objective 1 areas, it is above all the rural areas that receive funds from the European regional support fund, especially under Objective 5b support. Since both regions additionally have problems connected with declining industry, they are also the target groups of restructuring programmes within the framework of Objective 2 support. Reference has already been made (see Section 2.3) to the problems related to the so-called 'islands of declining industry', which have a relatively high degree of relevance in the regions characterized by blocked development. This applies in particular to Scotland. The integrated programme for the Scottish region of Strathclyde, for example, can lay claim to being the largest EU project in the Objective 2 support regions. In the past funding period (1989-93) two thirds of Scotland's total population lived in areas defined as regions having structural problems related to declining industry. A large portion of the remaining third lived in structurally weak rural areas such as the Highlands and the islands, which fell under Objective 5b support. On the basis of the restipulation of support regions and classification as Objective 1 regions, more than 85% of the Scottish population live in regions that qualify for support from the European Union.

The east German regions have been classed as Objective 1 regions for the current funding period. Prior to that, Saxony and Brandenburg received considerable assistance from the Structural Funds, but allocation to one of the regional Objective groups was no longer possible for the previous funding period. Once all the east

Table 2.10
Expenditure on Objective 1 support for
Castilla-La Mancha and Campania

Region	ERDF 1989-93		ESF 1989-93		EAGGF 1989-93	
	million ECU	ECU per capita	million ECU	ECU per capita	million ECU	ECU per capita
Castilla-La Mancha	184	110	18	10.6	169	99
Campania	667	115	138.3	23.8	95.6	16

Source: European Commission (1990).

Table 2.11
Expenditure on Objective 2 support
for Auvergne, Bremen and Scotland

Region	ERDF 1989-91 (million ECU)	ESF 1989-91 (million ECU)
Auvergne	9.6	2.4
Bremen	30.9	7.3
Scotland	277.4	38.8

Source: ETUC/ETUI 1990.

Table 2.12
Structural Fund support
for Saxony and Brandenburg

Region	ERDF 1989-93 (million ECU)	ESF 1994-1999 (million ECU)
Saxony	850	3 500
Brandenburg	480	1 900

Source: EUREG case studies on Brandenburg and Saxony.

German *Länder* were classified under Objective 1 support for the 1994-99 funding period, considerable increases in funds were set aside for both regions.

Even if the funds provided under the European regional support programme are deemed inadequate by many regional actors on account of the sheer scale of tasks, it must be emphasized that the efforts of the Union have triggered off major impulses in the respective regions and in many cases have provided the initial encouragement to start reflecting on the development of one's own region in the first place.

One example of this is Scotland, where European funding today has gained increasing relevance

for regional development and the implementation of specific plans and projects in view of the reduction of commitment on the part of the British central government.

The case of Campania, in contrast, illustrates the problems of European regional support, especially in view of the lack of prerequisites locally. As mentioned, Campania in its entirety is considered to be an Objective 1 support region. Implementation is carried out on the basis of a global development plan for all eight Mezzogiorno regions that is drawn up by the Ministry for Special Support of Southern Italy and must correspond to the State three-year programme for the development of the region. However, Campania, one of the main beneficiaries of structural support, has in the past not always been able to even come close to exploiting the grants provided from the Structural Fund. The main reasons for this are the bottlenecks in the region with regard to financing its own share as well as the, locally, low level of information on financing options via the Community (Deidda (1993)). The southern Italian administrative culture, the bureaucratic handling of project planning and allocation of funds, the low degree of legitimization of the agency responsible for political-administrative action and the constantly recurring scandals regarding criminal involvement frequently made it difficult to efficiently implement the planned measures in Campania (Capezzuto (1993)). Although the southern Italian regions formally participate in drawing up the plans, the dominance of the national level remains unbroken.

Specific policy fields

An analysis of specific policy fields of regional economic and structural policy in the regions

studied results in a remarkable correspondence with respect to the focal points and particularly relevant fields of policy, a situation that evidently relates to the urgent problems in these regions. For this reason great importance is attached to measures to improve the infrastructure and to the support of entrepreneurial activities in all structurally weak regions. Up until recently efforts have been made, particularly in the Romance countries, to carry out these activities predominantly with the help of the public sector or through State control of the location of enterprises.

Expansion of infrastructure and business promotion

In recent years, almost all the less-favoured regions studied have succeeded in decisively improving one of the most important developmental barriers, namely the establishment of links to the economic centres of the respective country. The regional and structural policy focal points of the European Union in the Objective 1 regions were a great help in this connection. For this reason improvements are visible especially in the traditionally less-favoured regions of Castilla-La Mancha and Auvergne. New transport connections that are important for establishing links to other regions, such as from Paris to St Etienne via Clermont-Ferrand or between Madrid-Albacete-Alicante and Madrid-Seville, now run through the regions or are under construction, like the Paris—Clermont-Ferrand—Montpellier connection. In the east German regions as well, extensive efforts have been made to improve traffic connections through the transport infrastructure project entitled 'Deutsche Einheit' (German unity).

In all the regions studied, however, major deficits exist in the sphere of intraregional transport links. Especially the mountainous areas of Auvergne, Castilla-La Mancha, Scotland and Campania are still relatively isolated. Even though a relatively favourable situation can be assumed with regard to the question of individual transport, public transport connections have been extensively neglected up to now. If connections do exist, then they are to other regions or to the capital. An example of this problem is the situation in Castilla-La Mancha. Due to the lack of direct connections and the star-shaped railway network emanating from Ma-

drid, a train journey between major cities of the region still requires a detour via Madrid. Ciudad Real, for example, has moved significantly closer to the capital by virtue of the link to the AVE high-speed train while connections to the other provinces have not improved.¹

An analysis of business promotion as the second major field of policy shows great differences between the regions studied, both in their concrete structure and regarding the scope of the measures. For the Romance countries one must emphasize the industrialization policy of the post-war period in which both dirigiste measures of company relocation and the policy of location of State-owned enterprises played a significant role. These measures include the policy of company relocation as practised by the French regional planning agency DATAR (Délégations de l'Aménagement Territorial). In Italy and Scotland, too, a similar strategy in favour of disadvantaged regions was pursued in the past. In addition to the regional objective of equalization, considerations with regard to relieving the pressure in urban agglomerations as well as regarding development of favourable labour reserves played a role in this control policy.

Such a cost-intensive policy existed only during the economic expansion phase in the post-war period, however. Although employment and growth effects were undeniably brought to the regions, their significance waned in the course of worsening general economic conditions in the 1970s. As a shortage of State resources emerged, the support concepts also changed. In general, one can refer to a decline in sectoral development policy that was often based on State-owned enterprises and to a trend towards a more incentive-oriented subsidy policy. Today similar concepts of regional business support can be found in all regions studied, i.e. in the form of tax reliefs or indirect financial aid (low-interest loans, investment grants), though the degree of support varies considerably. Campania and the east German regions, for example, can certainly be classified in the top group with respect to

¹ The AVE high-speed train, whose Madrid-Seville link, completed in 1992, consumed most of the Spanish investments in rail transport, is an example of the unbalanced orientation of the Spanish railway transport network while one-track sections still prevail in the normal railway network.

volume of funding while Scotland brings up the rear.

In the east German regions extensive investment aid is granted today. At times it was possible to obtain up to 50% of the investment sum as State financing through the accumulation of various subsidies. Among French regions, Auvergne enjoys the highest funding rate of 22% of the investment amount within the system of premiums for the location of enterprises (Prime d'Aménagement du Territoire, PAT). Only in Scotland is the location of enterprises no longer subsidized by the State; efforts are restricted to creating a favourable environment for enterprises.

The success of these measures must be assessed as containing contradictions. It is beyond question that growth and employment effects were achieved; but these benefits were overshadowed by counter-tendencies. Industrial reconstruction efforts proved to be particularly fragile in the structurally weak regions during periods of economic crisis. Many of the enterprises established at great financial expense were shut down soon thereafter or are confronted with great economic problems.¹ Another problematic factor is that especially industries whose competitiveness is already endangered tended to relocate in order to extend their life cycle through the exhaustion of funds. The establishment of the steel industry in Campania can be cited as an example of this.

Only in a few cases have attempts been made thus far to support promising projects and enterprises in the structurally weak regions. An example of this is the support of the maritime science fields or the aeronautic and aerospace industry in Bremen and Bremerhaven.

Labour-market and training policy

Combating unemployment and improving the level of vocational qualification numbers among the most urgent regional policy challenges in the structurally weak regions. Whereas this is

¹ There are a number of examples in this connection in the regions studied. They include in the case of Scotland the aluminium plant in Invergordon, the Linwood car factory; and in the case of Castilla-La Mancha the Calvo Sotelo petrochemical complex in Puertollano.

obvious in the case of the regions having blocked development, the unemployment statistics for the traditionally less-favoured regions indicate average figures. One must assume a high percentage of concealed unemployment and underemployment here. The problem of emigration, usually on the part of young and well-qualified workers, represents another urgent problem in all regions.

The opportunities for the regional governments to take an active labour-market role are very few in number due to the financial resources which they command. They therefore rely on taking action within the basic national labour-market policy conditions. Significant regional employment programmes or those initiated under pressure from the regions can be found especially in the east German regions, in Campania and Castilla-La Mancha. In Saxony and Brandenburg, in particular, employment programmes have been carried out in the form of job creation measures and employment organizations that encompassed approximately 180 000 employees during peak periods. The range of labour-market policy instruments in Germany was enormously expanded in the east German regions in this way (see Brinkmann *et al.* (1992)). Today, for example, enterprises, in addition to municipalities and rural districts, also act as agents for employment measures. This includes the setting up of special assets for securing employment on a nationwide basis.

The employment programmes that have been implemented so far in Castilla-La Mancha are of a much lesser scope. Particularly worthy of mention here are the national employment plan for the rural population in Castilla-La Mancha (Plan de Empleo Rural) as well as the employment projects within the framework of the European Social Fund. In both areas, however, the regional government is required to coordinate and discuss the measures with the central government.

The labour-market and employment policy represents an important field of economic and social policy in view of the dramatic employment situation in Campania. The region has competences and decision-making options in the field of vocational training (Agenzia per l'impiego (1992)). In recent years, numerous laws have been adopted with the aim of reintegrating unemployed

persons, supporting the employment of young people and integrating handicapped workers.¹

Due to the special deficits that exist in those areas which have traditionally lagged behind in their development, an attempt is constantly made to link employment programmes to training measures. Traditional regional support concepts have, in many cases, neglected this aspect because the newly created industrial jobs usually placed few demands on vocational training. Today the situation has changed with the decline in importance of standardized mass production and so the qualification standards of the structurally weak regions must also face the competition of labour. Both of the cases treated here in their entirety as traditionally less-favoured regions have undertaken significant efforts in building up and expanding the educational and training sector. Special mention can be made here of the founding of the regional university in Castilla-La Mancha.

The general raising of qualification and skill levels in the structurally weak regions as a strategic means of regional development leads to major problems and appears to have positive effects only in the very long term. The number of graduates from institutions of higher education certainly corresponds roughly to the national average in the regions characterized by blocked development. In fact, Scotland and Campania even have training structures that lie above the national level. However, a widespread complaint is that the 'brain drain' in the form of outmigration of, above all, qualified population groups from the region continues due to the lack of employment opportunities.

Environmental protection policy and ecological structural change

The importance of environmental policy for regional development perspectives, which can hardly be underestimated, is only now becoming an issue for the respective actors. The structurally weak regions were always willing to make great concessions in the past because of economic

¹ Among these are: Act 113/1986 for youth integration; Act 44 to promote the establishment of new enterprises by young entrepreneurs; Act 49 for setting up cooperatives; Act 160 for the reintegration of employed persons; special support programmes for young workers as well as promotion of training and solidarity contracts.

constraints, especially in questions related to the location of ecologically problematic enterprises. An outline of the adaptation of environmental policy questions to date follows and it will be presented using the example of the two very different cases of Castilla-La Mancha and Scotland.

In Castilla-La Mancha, as already mentioned, the main environmental problem is the scarcity of water and the related overexploitation of the natural water reservoir. Since it is foreseeable that this problem might become a vital issue for sections of agriculture in the near future, there is a rising ecological sensitivity in the population and among the political actors in this connection. Inclusion of ecological criteria in EC support programmes has also raised the degree of receptiveness to environmental questions.

Scotland is now facing three major environmental policy challenges, all of which are closely related to the special features of the Scottish economy: the regeneration of disused industrial land and the revival of heavily urbanized areas, the protection and conservation of the quality of the countryside in those Highland and Island areas used by tourism, and finally the reduction of environmental risks generated by the natural oil reserves off the Scottish coast.

In all fields, the Scottish Development Agency played the most important role in the financing and implementation of environmental policy measures and projects up to the end of the 1980s. In the region of Strathclyde, which was particularly plagued by industrial decline and urban problems, and in Glasgow, for example, a number of regeneration measures were carried out to improve the quality of the environment and of life. Today this function is assumed by Scottish Enterprise and its local branches. Overall, however, orientation to the interests of the private economy has substantially grown in this sector, too.

Against the background of the declining significance of the industrial sector, the tourism sector and hence the quality of the environment in the areas which attract tourists have been gaining in importance for some time. Not least of all the tanker accident off the Shetland Islands in 1993 opened the eyes of the population to how

sensitive the economically important tourist areas with beautiful landscapes are today. It is all the more crucial that Scottish institutions at present have no competence to form their own environmental policy.

In the traditionally less-favoured and peripheral regions, environmental quality is beginning to be seen as a form of regional capital. The increasing designation of protected areas and nature parks is one of the most important regional policy measures that are usually within the competence of the regional decision-makers. Auvergne and the northern German coastal region have certainly gone a long way to promoting gentle tourism, but in Scotland and Castilla-La Mancha, too, conservation of nature for tourist use is gaining significance.

Assessing the paths of regional development

In the description of recent economic history of the structurally weak regions (see Section 2.3), reference was made to the problem that the relation between high economic growth and the decline of regional disparities, once seen as automatic, is no longer valid. The dominant development model in the past, according to which the structurally weak regions primarily served as a reservoir for labour and beyond that were only assigned a supplier function, was based on this automatic mechanism. The past has moreover demonstrated that the current method of manufacture of less-demanding and labour-intensive products has by no means resulted in sustained regional development.

Although the traditional industrialization strategies are still the focus of attention in the structurally weak regions, certain changes towards a balanced shaping of regional development concepts can be observed. As a logical consequence, more and more thought in the structurally weak regions is being given to the extent to which alternatives to a mere supplier function exist. Thus there is increasing focus on strengthening and utilizing endogenous potential and on a general orientation of development strategies to sustainable development. In some cases, this is taking place because the industrialization option no longer exists in fact.

In Castilla-La Mancha, as the weakest of the regions under comparison, an attempt is being made to utilize the opportunities of the region as a linkage between the national growth zones of Madrid and the Mediterranean 'sun belt'. This is supported through substantial aid from the European Union and through the partnership attitude of the social actors. Preliminary results include a growing number of enterprises serving the public economic welfare or the setting up of a European information network. One example of a successful attempt to concentrate regional interests is the 'industrial pact' between economic associations and trade unions, which will be dealt with in more detail below (Section 2.7).

In view of the gulf that has existed between still Labour-oriented Scotland and the Conservative British Government policy for a decade now, it is not surprising that today nearly all political forces, with the exception of the supporters of the government, view stronger autonomy of the region as the most important requirement for economic regeneration. For several years now the efforts and social policy actions of the economic actors have also concentrated on this question and on the demand for creation of an independent Scottish parliament. More far-reaching economic visions and demands regarding Scotland's position in the European Union exist only in vague form. They focus on retention of the industrial base, greater preservation of Scottish corporate structures as well as the protection of Scotland as a natural region used for tourism.

The development visions of the east German regions are based on the aim of reaching the west German level of economic strength and standard of living. Saxony appears not only to have the best economic requirements for this, but also the greatest regional confidence which represents a rather successful continuation of former traditions of sovereignty. Brandenburg's development vision is directly tied to the question of merger with the city-State of Berlin. In addition to exploiting synergy effects, it is hoped that this will result in a joining of the two economic zones and for Brandenburg in overcoming the present purely hinterland function for the nation's capital.

In the north-west region as well, there is an increasing realization that the political-

administrative split in the region has to be overcome. A common model for the entire region has not yet been formed in this context. The focus in Bremen is to maintain its independence and at the same time to be able to perform its function as a regional centre better through regional cooperation and to receive appropriate financial compensation for this from the surrounding area. Overall, synergy and growth effects are expected from close cooperation, effects that would benefit the entire region and thus help it to maintain a competitive position among European regions.

In Campania, major changes are emerging for the field of regional development policy, without it being clear which instruments and which resources should replace the old, clearly inappropriate support model. The situation of radical political change currently characterizing every layer of Italian society is therefore triggering a great uncertainty as to the economic prospects of the southern regions and Campania in particular. On the one hand, there is a fear that regional solidarity is endangered as a result of the crumbling structure of the nation-State while, on the other hand, chances are perceived for more regional self-determination and the reform of the decrepit and inefficient regional structures based on the situation of a radical transformation. With respect to geographic aspects, greater consideration is given to the idea of reviving the traditional function of the region in the Mediterranean area, including the north African coastal regions.

Development visions in France have traditionally been national visions. The orientation to economic growth is certainly the least questioned. For Auvergne, regional development perspectives have attained only a very minor degree of importance. Looking to Paris still takes the place of consideration of the region. Nevertheless, models are being discussed within the Regional Council. The project of an integrated programme for modernization of Auvergne (Programme Intégré de Modernisation de l'Auvergne, (PIMA)) plans, among other things, to form an urban agglomeration of 'European weight' having a population of 400 000 through the amalgamation of Clermont-Ferrand and surrounding towns as well as to strengthen economic development in the catchment area of, altogether, six medium-sized centres. It is unlikely that this ambitious project will be implemented, however, in view of the annually estimated amount required of slightly over ECU 3 million.

What is common to all the development visions described above is that they are all based on strengthening the regional level and combining regional forces and actors. To what extent they succeed in overcoming the enormous obstacles which continue to exist will depend, among other things, on whether or not the national governments can finally decide to support the development pathways adopted by the regions, and to attach less priority to their own regional interests, which in the past were often described as national interests instead.

2.6. Trade union presence at enterprise and regional level

The trade unions in the structurally weak regions display characteristics that correspond to the local parameters regarding the political, institutional and economic level of development. In general, it can be said that they have a weaker position in comparison to the traditional industrial regions and to the prosperous regions. This is usually reflected in the low membership figures or degree of organization but becomes particularly evident in the lack of political clout. In the national trade union organizations they usually do not play a major role. In many respects they depend on the strength of the trade union movement in other regions or on the policy of the national headquarters.

Nevertheless, there are many differences between the trade unions in the regions studied which cannot be reduced to typical national differences alone. Three groups can be roughly distinguished: first of all, the trade unions in the traditionally less-favoured regions such as Castilla-La Mancha and Auvergne; then the regions that are blocked in their development, i.e. Campania, the German north-west region and Scotland; finally two east German *Länder*, Brandenburg and Saxony. While the trade unions in the latter regions are very clearly influenced by the situation related to the change in system and are organizationally still at the beginning of a restructuring phase, the thesis of generally weak trade union structures cannot be unconditionally maintained in the regions characterized by blocked development. Strong local unions with their own distinct profile exist in the industrial centres of these regions.

The historical profile of the regional trade unions

The trade unions have never played a major role in the traditionally less-favoured regions. In the respective national history of trade union organization they represent the latecomers that in most cases took over structures developed elsewhere. At the same time they display their own special features, as has been shown by a relevant proportion of organized rural workers in southern Europe up to the present.

In Castilla-La Mancha, as in the rest of Spain, the more recent history of regional trade unions does not begin until 1977 when legalization was effected. The re-establishment phase was hampered by the fact that the region itself is more an artificial product and possesses very few common cultural and historical features. Accordingly, the trade unions also had difficulty in creating a regional organizational link. The workers' commissions, which took up operation again even prior to the end of the Franco dictatorship, were present in only a few urban centres, where they concentrated on relatively few enterprises. At the same time there was a close connection to the Madrid workers' movement in individual sub-regions. This small-scale orientation established itself during the Franco regime, which persecuted the trade unions and forced them into illegality. The decentralized form of organization that developed under the pressure of the circumstances left its mark, especially in the workers'

commissions. The grass-roots units in the commissions still possess relatively extensive rights of autonomy with respect to the national headquarters. The UGT, on the other hand, was set up from Madrid. A separate regional organization was not established in Castilla-La Mancha until 1994.

The situation in Auvergne is similar. Here, too, long trade union traditions exist only in individual regions, the communist CGT traditionally being the most strongly established. Traditions of an agriculturally dominated communism can be found particularly in the north-western section of the region. As in France overall, the loss of members and declining political influence were, for a time, the major elements that formed the picture of the trade unions in Auvergne. In a national comparison, however, the trade unions prove to be relatively more resistant. The loss of members, for example, was much less pronounced than in other French regions. Establishment of the unions at elections for works councils is also above average.

Trade union structures in the structurally weak regions with blocked development display other characteristics, however. The trade unions there represent a relatively powerful social force and in some cases have been able to take an active role in regional development for generations.

The trade unions in Scotland, for example, have a tradition that extends back far into the last century. The split in the Scottish section of the TUC in 1888 and the foundation of an independent national organization enabled a specifically Scottish tradition to be established from very early days. The foundation of the STUC followed an initiative of local trade union councils and representatives of the workers' parties. In contrast to the situation in England, where the Labour Party represents the establishment of the trade unions, the initiative in Scotland took the opposite course. In accordance with the economic importance of Scotland, the trade unions there represented a major portion of the British workers' movement. However, even in the period between the two world wars as well as to a greater degree after the Second World War, economic decline overshadowed trade union policy. Drastic losses in membership were incurred during this period. In some cases, the militant struggle against the

reduction of industrial jobs dominated trade union practice. As a specific response to its own development problems as well, the STUC finally placed itself at the top of the Scottish movement for autonomy. The increasing problems in the region were extensively interpreted as a consequence of the political dependence on England or London. Through this policy it was possible for the trade unions to maintain their firm foundation in Scottish society, despite their substantial losses of members.

In Campania, the re-establishment of the trade unions following the fall of fascism began before the end of the Second World War. In the course of the post-war period the sectoral structure of the members fundamentally changed. The industrial sectors gained pre-eminence over agriculture. During the major collective bargaining conflicts of 1969, Campania was one of the centres of the struggle. The Campanian unions became a leading protagonist in the demand for new participation mechanisms, for more effective institutional control and for an improvement in living conditions. The earthquake at the beginning of the 1980s was also expressed in trade union practice, which was now increasingly directed at the needs related to reconstruction. Nevertheless, the trade unions remained relatively willing to enter into conflicts during this time and had a very high mobilization capacity. What is also remarkable is that the trade unions, as an important social force, developed an understanding of the representation of workers' interests that included the struggle against the Camorra in their own activities.

The history of the trade unions in the German north-west region also displays a long tradition and many high points. The unions' strength there is closely linked to the maritime sectors. The November Revolution in Germany in 1918, for example, started with the northern German workers' movement. During the entire development the strength of the trade unions essentially fed on the organizational force in today's centres of declining industry in the region. In general, however, the splitting of the region is reflected in the trade union movement, too. Bremen plays an outstanding role in this context as a stronghold of the workers' movement. Its strength is essentially based on its presence in the automobile industry,

in the steel sector and at the shipyards. Due to the emergence of sectoral crises, trade union practice over the last decades has been dominated by defensive struggles against company shutdowns. The labour struggles that were carried on more or less successfully — such as the unsuccessful struggles against the closure of AG Weser in Bremen in 1983 or of Olympia-Werke in Wilhelmshaven in 1992 as well as the successful fight to preserve the Klöckner plant in Bremen in 1993 — strengthened the position of the trade unions significantly. At least in the urban centres, they still personify one of the major social forces today.

The situation in the two east German regions, Saxony and Brandenburg, is quite different again. Saxony as one of the birthplaces of the German workers' movement has always had a significant trade union tradition. In Brandenburg, trade union strength is concentrated in Berlin and the immediate proximity as well as in the areas around Cottbus. In the extensively agriculturally structured sub-regions of Brandenburg, on the other hand, it was not possible for the trade unions to gain an organizational foothold. Trade union development in the former GDR underwent a substantial change from a position in which they primarily acted as a transmission belt of the SED regime. However, they were not able to formulate an independent trade union policy for workers' interests. After the fall of the Berlin Wall it was no longer possible for the trade unions to link up with the structures of the former east German unions because of their involvement in the defunct system so that the west German unions were then faced with the task of completely rebuilding the organization in the East. This process has still not entirely reached an end. Nevertheless, it must be emphasized that the trade unions represented the only mass organization more or less capable of taking action during the initial years. This was only possible thanks to a political, financial and personnel-related shift of priorities on the part of the west German unions in favour of the creation of comparable structures in the new (east German) *Länder*. In spite of the great losses in jobs, membership was able to be maintained at a considerably higher level than in the West even though a large number of workers left the unions. At the same time the trade unions developed very quickly into a relevant actor in the political arena.

The regional presence of the trade unions

The organizational basis of the trade unions in the structurally weak regions differs markedly from those regions considered to be blocked in their development. While it can be regarded as generally fragile in the former sub-group, this basis in the regions having blocked development displays no significant weaknesses in relation to the traditional industrial regions due to the relatively high proportion of industry.

It is notable that both trade unions recorded a constant growth in members in Castilla-La Mancha in recent years. However, a different situation prevails in Auvergne, where all trade unions were forced to accept drastic losses in membership. Nevertheless, erosion of the trade unions' basis in Auvergne still seems to be less pronounced in general than in other French regions.

The presence of the trade unions in the five provinces of Castilla shows considerable variation. Measured on the basis of the number of organized members, the workers' commissions in Albacete and Toledo are at the top of the list while the UGT in Ciudad Real, Cuenca and Guadalajara is the strongest trade union. In Auvergne, the territorial distribution of the trade unions' organizational basis is analogous to that of the economic forces. The *départements* of Allier and Puy de Dôme have special significance. Allier is, at the same time, the bastion of the CGT while the CFDT plays, for all practical purposes, no role at all in this *département*. On the other hand, the CFDT holds an outstanding position in the *département* of Haute-Loire.

In the structurally weak regions with blocked development, the trade unions display considerable strength. The long industrial traditions here are reflected in the major centres of the region. In Campania, moreover, a high degree of political awareness has formed among the workers because of the socio-politically and economically very tense situation in the region. All individual unions existing in Italy are represented in the region, with the rural workers' union as well as the food-processing and metalwork unions being the dominant ones. Trade unions that do not belong to any of the three federations primarily

Table 2.13

**The organizational strength of the trade unions
in the structurally weak regions**

Region	Union	Membership (1 000s)		Degree of organization (%)	
		Region	Total	Region	Nation
Campania	Total	1 530	10 094	38.6	47.4
	CGIL	316	5 150		
	CISL	257	3 508		
	UIL	257	3 508		
Castilla-La Mancha	Total	213	1 515	16	17
	CCOO	31	765		
	UGT	27	750		
Auvergne	Total		no figs	10.3	12
	CGT	16	1 030		
	CFDT	10	571		
	FO	6	1 015		
	other	10			
Brandenburg	DGB	500	11 850	41.4	
Saxony	DGB	950	11 850	43.6	
North-west region	DGB	387	11 850	32	38
Scotland	STUC	860	8 397	43	37
	Unison	164	1 513		
	TGWU	102	1 127		
	GMB	95	863		

Note: All figures relate to 1990, with the exception of Castilla-La Mancha, Brandenburg and Saxony (1992), and the affiliated trade unions in Scotland (1991).

Source: *Regional Trends*, 26, 1991, pp. 148/49; *Employment Gazette* 1/1993, pp. 686/87; Di Nicola (1991); own calculations based on the EUREG case studies and information provided by the trade union federations.

exist in the public service and in the service sector, though overall they hold much less weight than the three federations. The sectoral focal points of the unions' organizational basis reflect the economic structure of the region.

In the German north-west region, the distribution of membership among the single unions is similar to the national average. IG Metall is the strongest single union, with over 30% of the total membership, followed by the ÖTV with 18%. The cities of Bremen, Oldenburg and Osnabrück are clearly the main organizational focuses. These three cities alone account for 59% of the trade union members in the region.

Despite the high loss of membership in the course of the 1980s, Scotland accounts for an over-proportionate share of the total trade union members in the United Kingdom with a figure of slightly less than 11%. The make-up of

membership is primarily influenced by the structural transformation of the economy. The recently merged trade union for public services, Unison, for example, is now the strongest union with over 160 000 members. It is followed by the Transport and General Workers' Union (TGWU), with slightly more than 100 000, the General, Municipal and Boilermakers (GMB), with slightly fewer than 97 000 and the Amalgamated Engineering and Electrical Union (AEEU), with 85 000 members. The four largest trade unions thus account for roughly 55% of the members of the STUC.

The extraordinarily high number of members in the two new *Länder*, Saxony and Brandenburg, is striking. The level of organization is well in excess of the German average. This still applies, despite the high losses in membership in recent years which occurred as a result of the massive reduction in jobs. The distribution of members among the individual unions shows a similar

picture in Saxony to the national average. IG Metall and ÖTV together account for more than 50% of all members. In Brandenburg, on the other hand, ÖTV is the largest single union, followed by IG Metall, the trade union for trade, banks and insurance, IG Bau-Steine-Erden (construction and non-metallic mineral industry workers' union) and IG Bergbau und Energie (mining and energy industry workers' union).

Anchoring at enterprise level

Anchoring at enterprise and shopfloor level forms the basis of any union organization. The enterprise as the primary work field is the level at which the interests of the members have ultimately to be represented and asserted. In spite of this significance, the trade unions assess the shopfloor level very differently in the various *Länder*. Relatively little importance is attached to the enterprise especially in the Romance countries with their division of unions according to political conviction and the associated greater importance of trade union federations, which can, in turn, be equated with a higher weighting of the territorial principle of organization. In the structurally weak regions studied, however, this view is, at the same time, qualified. Trade union presence here is frequently concentrated in individual subregions or more precisely formulated for a few primary enterprises. Accordingly, the latter are given greater significance in regional trade unions than the respective national average.

Both in Auvergne and in Castilla-La Mancha, the results of the elections for works committees and

Table 2.14

Share of seats won by the main trade unions in works council elections in Castilla-La Mancha (1990)

Union	1990 (%)
UGT	46.4
CCOO	45.8
Others	7.8

Source: Own calculations, based on the EUREG case studies.

councils can be taken as an indicator of the strength of the individual trade union federations as well as of their presence overall.

In Castilla, more than 90% of the elected works council members are put up by the two large trade union federations. The shares of the various sectors have an analogous distribution to the organizational focal points of the trade union federations. The UGT is dominant in small enterprises and accounts for more than 45% of all works council members there, while the service sector, agriculture and construction prevail sectorally. In the medium-sized and large enterprises, by contrast, the workers' commissions possess the largest shares. Overall, they are represented in 69% and the UGT in 77% of the enterprises. Both unions have at least one representative in more than 97% of the enterprises.

The table shows that the CGT has succeeded in Auvergne in holding on to its position of dominance with respect to the CFDT. Non-union representatives form the third-largest group, however — an indication of the difficulties involved in binding employed people to the unions. Shopfloor presence is relatively low and less than the French average. In 1989, only 47.6% of enterprises had at least one trade union section represented. In 1987, the figure was still 54.1% of enterprises (Ministère du Travail (1991)).

In Campania, the shopfloor has become an important level for trade union activity. At the end of the 1960s and during the 1970s, the works councils were the basis for the high mobilization

Table 2.15

Distribution of seats following the elections to the works committees in Auvergne, 1986/87 and 1988/89

Union	1986/87 (%)	1988/89 (%)
CGT	30.9	30.5
CFDT	24.8	25.6
CFTC	2.1	1.8
FO	12.3	10.5
Others	6.0	6.1
Non-organized	20.3	21.7

Source: Own calculations, based on the EUREG case studies.

capacity of the employees, even though their concrete relevance varied among the different sectors of industry. The fighting strength and persistence of the workers was repeatedly shown during the 1980s, particularly in the steel sector in the struggle to maintain the existence of Bagnoli as a steel industry location (see Section 2.7). However, the shopfloor power of the trade unions is considerably restricted by the extensive black economy and the high rate of unemployment since they heavily reduce the representativeness and mobilization capacity of the trade union organizations.

In Germany, the shopfloor level is enormously important though institutionalization of enterprise-level co-determination in the *Betriebsverfassungsgesetz*, the law governing industrial relations, leads to a dualistic representation of workers' interests. The works councils are defined as having obligations to the entire workforce as well as to the enterprise. By virtue of this law, the trade unions are forced to set up their own representation structures — the so-called shop steward bodies — parallel to this. In practice, however, the two structures are closely interlinked. Roughly 90% of the works council members in the German north-west region, for example, are members of the unions amalgamated in the DGB. Furthermore, the trade unions have been able to extend and consolidate their anchoring at the enterprise level in the course of conflicts involving individual companies threatened by closure. Through the initiative of the works council in close cooperation with the local trade unions — as well as with the support of the company's Bremen board of management and the Bremen State government — it was possible to save the Klöckner steelworks from the shutdown announced by the corporate headquarters in Duisburg.

In Scotland, work at the shopfloor level in recent years has especially focused on maintaining the membership base, which is threatened not only by the structural transformation and the absolute reduction in jobs. In general, the degree of trade union organization is lower in the service sector than in industry, which incurred the greatest losses of jobs in the last few years, however. Additional major factors that limit the power of the

trade unions result from the increasing flexibilization of work as well as the political deregulation measures of the Conservative government.

In the east German *Länder* of Saxony and Brandenburg, the trade unions were able to enhance their image as a driving force in the struggle against numerous imminent company closures. Overall, however, these activities achieved little success. The extensive deindustrialization process has not been stopped either in Saxony or in Brandenburg to date, despite vehement opposition. As a consequence of the transformation process, the trade unions are faced with further problems at the shopfloor level. Since the Industrial Constitution Act was hastily transferred to the new *Länder* only in 1990, there is a lack of qualified personnel in many enterprises to take advantage of the options offered by co-determination within the enterprise.

Regional influence and autonomy

An analysis of the trade union presence at regional and enterprise level painted a quite varying picture of trade union anchoring. This also applies to the political significance of the workers' organizations. In the case of the traditionally less-favoured regions, it is at its lowest in Auvergne. However, this is essentially connected with the trade union organization itself. As in the other French regions, only the CFDT possesses its own democratically legitimated organizational level in Auvergne. As early as 1970, i.e. prior to the introduction of the regions as territorial authorities, the union received important competencies from the *départements*. The other unions, in contrast, have merely coordinating bodies in which the work from the *départements* is brought together.

These bodies possess little authority. In addition, the differing organizational structures are primarily responsible for the fact that no institutionalized but merely informal contacts and relations exist between the various federations at the regional level. The dominance of the *département* and

Table 2.16

The position of the trade unions in the region

Region	Degree of autonomy ¹	Social weight
Castilla-La Mancha	low	moderate
Auvergne	low	low
Campania	moderate	moderate
Brandenburg	low	moderate
Saxony	moderate	high
North-west region	low	moderate
Scotland	moderate	high

¹ Defined as the autonomy of the trade unions in the region in their entirety (federations and individual unions) in relation to the national umbrella organizations and all the trade unions with political links.

local level leads to a focusing of trade union activities on these levels. In Auvergne, too, trade union work appears to be directed more at labour-market regions (*bassin d'emploi*)¹ than at the administrative region.

A similarly minor significance has been attached to the Castilla-La Mancha region to date by the rather centralistically organized UGT, which, as previously mentioned, only founded a regional organization in 1994. In accordance with the centralist principle of organization, the resolutions of the national trade union organization are binding for the regional level. The situation of the traditionally decentralized workers' commissions, by contrast, is very different. They concentrate their sectoral unions as well as the various local organizational units at the regional level. The regional organizations define themselves as a link to the national umbrella organization. Their autonomy is relatively extensive. Eighty per cent of their revenues comes from membership dues, the rest from cooperation in public institutions and programmes. Of these revenues, only 5% remains at the regional level, however. The remaining 95% is distributed to the confederation and the sectoral unions at the national level, to the provincial organizations and to the regional sectoral unions.

In the structurally weak regions with blocked development social anchoring of the trade unions in the regions is, by comparison, significantly stronger. The trade unions in Scotland, in particular, play an outstanding role. By virtue of its important role in Scottish efforts to attain autonomy,

the STUC has thus been able, at least with regard to the conflicts with the centralist policy and structure in the United Kingdom, to become a hegemonial power that, in turn, includes other social actors. This development has been favoured by the specific features of the Scottish trade unions and the complete independence of the STUC. This does not apply to most of the individual unions of the federation, however, which are usually the Scottish organizational sections of trade unions that operate all over the United Kingdom. Scottish trade unions exist explicitly only in areas with definite regionally specific features, such as in the fields of law and education. In 1992, the STUC comprised 45 local trade union councils and 54 individual unions. However, in Scotland, too, a trend can be observed towards greater centralization of the trade union movement, a trend reflected in the merger of individual unions. The number of trade unions decreased by 26 from 1979 to 1992. The STUC itself is only a small organizational unit. Accordingly, the effectiveness of its work depends to a great degree on the cooperation and activities of the member unions, which also display strong loyalty to their British headquarters, however.

In Campania, the deep roots of the trade unions are based on a long tradition of social struggle for the interests of the population in the region, which last culminated in a successful general strike in the region in 1993 (Segreteria regionali CGIL-CSIL-UIL 1993).² Economically, the trade unions in the region are relatively independent, though this autonomy is politically restricted by

¹ With regard to the *Comités de bassin d'emploi*, see *Comité de liaison des comités de bassin d'emploi* (1991).

² Other regional general strikes took place on 12.6.1986, 22.4.1988, 24.9.1992 and 11.2.1993.

the rules of the overall organization. It must be taken into account, however, that Campania has traditionally assumed a leading role for the entire Mezzogiorno, which, in turn, increases the weight carried by the Campanian trade unions. Moreover, it must be remembered that the subordinate provincial structures also possess autonomous rights. In the CGIL, the central organizational units have a relatively large weight while the importance of the individual trade unions is greater in the CISL as a result of historical traditions. The regional presence of the trade unions is additionally underlined by the maintenance of their own regional research institute. Finally it must be mentioned that the trade unions represent an important force in the battle against organized crime. They are therefore accorded a major role in the current radical political changes and institutional reforms.

The major relevance of the trade unions in the German north-west region, which is due not least of all to numerous union campaigns and shop-floor struggles, is considerably hindered by the differing territorial demarcation lines of the DGB and its single unions. In no case do the organizational demarcation lines correspond to the boundaries of the north-west region. Nine DGB districts in the region are organizationally attached to the DGB State district of Lower Saxony; one district is attached to the DGB Nordmark, which basically organizes the *Länder* of Schleswig-Holstein and Hamburg.¹ This territorial division is by no means identical to that of the individual trade unions. The majority of the IG Metall administrative offices belongs to the Coast district, which organises the entire German North and Baltic Sea coast from Emden to Greifswald. The organizational location is Hamburg. The southern districts in the north-west region, on the other hand, organizationally belong to the IG Metall district of Hanover. The ÖTV is organized at the rural district level and combined into districts in each case that territorially correspond to the government districts. This differing geographic division indicates that, in a trade union context as well, the north-west region must be regarded as a

¹ Incorporation of this district into the Bremen-Lower Saxony State organization is planned for 1996.

'region in the process of development' that has not yet been anticipated in the organizational structures. Furthermore, the organizational potential is restricted by the imminent cost-saving measures. In the DGB alone, for example, between 25 and 30% of the annual budget must be cut back at all organizational levels in coming years. The trade unions' educational and research institutions represent a strength of trade union presence. In the form of *Berufsbildungswerke* (further vocational training centres), the DGB maintains its own continuing training institutions in numerous cities of the region. Moreover, cooperation centres exist between the trade unions and universities in Bremen and Oldenburg; the office in Bremen, for example, has several dozen research staff members. Another special feature of the *Land* of Bremen that indirectly strengthens the trade unions is that of the two employee chambers, the Chamber of White-Collar Workers (*Angestelltenkammer*) and the Chamber of Blue-Collar Workers (*Arbeiterkammer*). All employees of the *Land* are members of these chambers, which are organized as bodies corporate under public law, with compulsory membership. The employee chambers are conceived as counterparts to the chambers of commerce and ensure that employees maintain participation rights at the *Land* level. Financed by membership fees, they additionally provide social and legal services for their members and maintain their own research departments.

In Saxony, the territorial demarcation lines vary considerably from one trade union to the next. Not all individual unions have an organizational department corresponding to the region of Saxony. So IG Chemie is in the process of forming a district that will encompass the *Länder* of Saxony, Berlin and Brandenburg. IG Metall, on the other hand, established its own, purely east German, district in Dresden, which encompasses the entire *Land* of Saxony. As last demonstrated in the collective bargaining conflicts in 1993, this district has assumed a leading role for all of eastern Germany. In Brandenburg the trade union demarcation lines generally do not correspond to those of the *Land*. Most of the organizational structures that exist include the *Land* of Berlin. The trade unions have thus already anticipated the planned amalgamation of the two *Länder*.

2.7. Regional policy competence of the trade unions

Structurally weak regions as a field for trade union activity

Analogous to the two sub-groups, the competence of the local trade unions in those regions traditionally lagging behind in their development and in the regions characterized by blocked development will be examined separately below. The specific features of the traditionally less-favoured regions is expressed (see Section 2.6) in a low degree of dynamics on the part of the regional actors. For the trade unions, this means that the opportunities to intervene in regional development issues are associated with special difficulties. The frequently small enterprise structures found in these regions result in labour relations that, in most cases, contradict concepts of industrial partnership. Moreover, far fewer efforts have been made to use forms of dialogue in the traditionally less-favoured regions and they are less accepted than in regions having an industrial past. This constellation brings about labour relations of a conflicting nature in many cases where the trade unions have relatively little power to assert their demands. In addition, typical difficulties of the trade unions in structurally weak regions also appear in the general mobilization capacity.

The regions with blocked development, on the other hand, have richer traditions of regional dialogue and involvement of the various actors. As a result of a fluctuating economic history and the

greater importance of industry, stronger trade union traditions can be noted here.

In addition to their organizational problems (see Section 2.6), the trade unions in the east German regions also face the challenge of coping with an economic and social transformation having a speed and dimension hitherto unknown in European economic history. A comprehensive set of instruments for applying trade union influence has been developed there. Unions additionally benefit from the fact that the growing economic problems related to German unification have increased the willingness of east German *Land* governments to permit participation and inclusion of the trade unions.

Forms of trade union participation in the structurally weak regions

The crucial problem of trade union influence at the regional level is certainly not the number of existing cooperation and participation bodies. Particularly in the Romance countries, there are a large number of representation structures, whose real significance is often limited, however. Those having the greatest strategic importance with regard to regional policy influence are the members of the administrative councils of the employment offices, the State social security institutions and the trade union advisory councils on vocational training.

Even though similar structures often exist formally in all regions, it must be said for the traditionally less-favoured regions of Castilla-La Mancha and Auvergne that these consultation bodies frequently remain lifeless and the trade unions are, in many cases, not able to staff these bodies meaningfully and utilize them to implement trade union regional policy.

Castilla-La Mancha, in contrast to the other autonomous communities in Spain, still does not possess a regional economic and social committee, although this is provided for in the regional constitution. As in the case of all French regions, Auvergne possesses a regional economic and social committee (Conseil économique et social (CESR)). The decision made by the regional council, against the resistance of the trade unions, to dispense with drawing up an independent regional plan¹ in which labour and management would take part on a consultative basis, however, reinforces the general impression of rather weak participation structures.

A completely different picture can also be painted for the regions having blocked development. The white-collar and blue-collar workers' chambers in Bremen, for example, reflect a particularly pronounced tradition of participation-oriented relations in the city-State of Bremen. These structures, which go back to the soviet movement, were revived again after 1945 and transformed into an institutionalized instrument for representing workers' interests.²

In Campania, too, the trade unions have institutional forms of participation at the regional level. The regional constitution of 1970,³ for example, stipulates that the trade unions shall be involved in designing the policy of the region (Regione Campania (1970)). In addition to informing the

trade unions, this statute provides for participation in bodies dealing with questions related to the development of agriculture and the craft trades. Moreover, the trade unions were granted a 'problem-related' right of proposal that allows the unions to force the regional parliament to examine certain questions.⁴ Thus the scope of trade union influence at the regional level is formally smaller than in Auvergne, for example; their stronger regional presence (see Section 2.6), however, means that the trade unions are able to exert greater influence in the end. This also applies to Scotland: the formal participative opportunities for trade union participation are quite restricted; nevertheless, the trade unions were able to acquire a comparably high degree of competence and influence in economic and regional policy questions of development.

In the east German regions there are not only institutionalized bodies of participation and consultation, such as the Regional Development Staffs (Aufbaustäbe) that were set up in Brandenburg, for example, to provide consultation for municipalities and districts with respect to distribution of federal funds, but also special instruments born out of the need to save enterprises, or at least initiatives to provide employment programmes in which trade unions actively take part in regional policy. Particularly in Saxony, for example, there are an extremely large number of institutions relevant for regional policy that are involved in economic rehabilitation and securing employment and which were primarily conceived by the trade unions and implemented in cooperation with the State government. The main focus here was to link company development to labour-market policy requirements and regional needs.

Fields of trade union influence in regional and structural policy

The policy fields in which the trade unions are active are influenced both by the general external

¹ In this case the functions of the regional plan for 'planification' are assumed by the regional budget plan, in which the regional economic and social committee also participates with consultation rights. Dispensing with independent regional planning, however, indicates an extensive reduction in the involvement of labour and management in the region.

² The decision-making bodies of the Chambers of White-Collar and Blue-Collar Workers are elected by the employees. Since the DGB (German TUC) trade unions now hold a majority in both chambers, the latter can be regarded as an, at least, indirect regional policy instrument of the DGB trade unions for exerting influence.

³ Chapter IV, paragraph 1, Article 47 of the regional statute of 23.12.1970 and 6.3.1971.

⁴ The Agreement Protocol on Regulation of the Rights Regarding Relations and Information, which was signed by the regional government of Campania and by the three trade union organizations, CGIL-CISL-UIL, on 26.6.1991, represents an attempt to specify information and confrontation mechanisms in order to make a more organic programme policy possible for development of the region and to implement a stable system of trade union relations (see *Giunta regionale della Campania* /CGIL-CISL-UIL (1991)).

conditions and by regional problems. All the regions included in this study receive significant transfers from the central government and from the European Union. Because of their great importance for the economic development of the regions, one of the main demands of the trade unions is maintenance and enlargement of these funds. This particularly applies to areas where an extreme development gap exists or where the central government provides the decisive support for regional development and equalization concepts.

As described in Section 2.5, among the traditionally less-favoured regions Castilla-La Mancha receives much higher transfer payments than Auvergne. This is, of course, attributable to the classification of Castilla-La Mancha as a European Objective 1 region; but it is also due to the fact that the French State provides relatively little money for regional redistribution. Thus the orientation in Auvergne to the national level is based less on the amount of funds hoped for than on the traditional role of the central State as the sole regional policy actor. This basic understanding is also shared by the trade unions.

In Campania and the east German regions, trade union demands directed at the central government hold special weight because of the national development gap. Although the Campania trade unions greatly criticize the inefficiency and waste of funds of the present model for supporting the south, maintenance of this assistance remains one of the union's central demands. The Scottish trade unions also underline the necessity to maintain transfers to the region and actively oppose the policy of reduction of regional assistance and their pronounced orientation to exclusively private economic interests.

In addition to the general question of transfers to the regions, the policy field relating to expansion of infrastructure is, from a trade union point of view, of central importance in overcoming development problems. With regard to the question of the concrete structure, for example which means of transportation should be given priority or which fundamental objectives are to result from an improvement of transport connections, however, the regional unions have given few concrete answers to date.

Active State industrialization policy and expansion of the sectoral development programmes are a permanent demand of the trade unions. Even though Auvergne was not among those who gained from the policy of company relocation, as is pursued by the regional planning authority DATAR, an active State policy with the aim of drawing enterprises into structurally weak regions remains one of the union's central demands. Aid for the location of enterprises, such as investment subsidies, number among the indispensable regional assistance instruments for the trade unions in Auvergne and Castilla-La Mancha.

One of the union demands in Campania is to maintain the State support measures for industrialization of the south, which represent the crucial regional policy instrument for the trade unions. Their interest is focused on an extension of the Mezzogiorno policy in the form of location of public enterprises, tax relief for the location of companies and other forms of intervention. Development of the region is to be boosted through the interplay of the national and regional level of the support and the trade union policy.

The Scottish unions, too, have always put forth the demand for greater regional aid, whether within the framework of the Industrial Distribution Acts or in the form of an adequately endowed development agency.

The demand for State assistance in favour of existing enterprises first became a focus of trade union attention during the economic crisis. This orientation is of great significance in Campania, Scotland and Bremen because of the underlined importance of industry. In view of the dramatic course of the transformation process, the demand to preserve the regional industrial structure in Saxony and Brandenburg is eminently important.

The ATLAS project,¹ for example, an initiative of the Saxon State government that includes labour and management, represents an attempt to rehabilitate regionally important enterprises

¹ ATLAS stands for 'Selected Treuhand enterprises in the Land registered for rehabilitation'.

threatened by shutdown. These are selected enterprises that are still in the possession of the government holding, the Treuhandanstalt, and whose influence on the regional labour-market is considerable. These enterprises are to be made competitive within the framework of rehabilitation over a period of three to five years. Discussions on enterprises in the regions and their prospects are held in consultation groups with trade union participation. The ATLAS team conducts initial studies, provides the Treuhandanstalt with the names of regionally important enterprises, and requests it to report on its planning for these enterprises. After discussion in the ATLAS bodies either a decision is made in favour of the Treuhand concept and a proposal is made to the Saxon Ministry for Economics and Labour to support the firms via State funds, or negotiations are conducted with the Treuhandanstalt on alternatives. In the medium term, the ATLAS team expects to handle more than 100 enterprises with roughly 50 000 jobs (Nolte (1994)).

Labour-market and training policy

All regional policy activities on the part of the trade unions focus on the objective of employment. In addition to the abovementioned attempts at increasing or maintaining the number of regular jobs, initiatives that concentrate on the so-called secondary labour-market are gaining importance, especially in structurally weak regions. Because of their magnitude and new instruments, the trade union initiatives for securing employment in the east German regions deserve special attention. Special regulations of the Employment Promotion Act (*Arbeitsförderungsgesetz*) that make it possible for enterprises to act as agents of labour-market policy measures opened up an opportunity for the trade unions to become involved themselves as actors in pilot projects for employment promotion. In addition to the Treuhandanstalt, the municipalities and rural districts, a further agent of active labour-market policy exists in Saxony in the form of the organizations for 'job promotion, employment and structural development' (ABS). The concept of ABS organizations is based on proposals and demands that were prompted by industrial employment crises and developed under the same name by west

German trade unions beginning in the mid 1980s (Bosch/Knuth 1992).

In Saxony, the IG Metall union succeeded in organizing six sectorally oriented ABS-Sondervermögen (ABS-SV) (special asset ABS enterprises).¹ Through agreements between IG Metall, the Treuhandanstalt and the free State of Saxony it was agreed that the financing of the employer's share of social security for short-time workers in the special asset enterprises would be covered by the Treuhandanstalt and the free State of Saxony for up to 40 000 employees. The framework agreement additionally stipulated that private limited companies at *Land* level (*Träger-Gesellschaften auf Landesebene*) be formed as the responsible agencies by the Treuhandanstalt, trade unions, employers' federations and *Länder*. Their task was to be the performance of service, administrative and holding functions for the ABS. One suggestion was that these support bodies could be organized into sub-levels along sub-regional and/or sectoral lines. In addition to the employment aspect, special importance was attached to the question of training for the employees involved in the projects mentioned. Attempts are being made, particularly in the ABS enterprises, to expand the existing qualifications so as to meet future requirements.

The east German projects may be regarded as exemplary because trade union initiatives for securing employment are carried out in much more indirect fashion in the other structurally weak regions studied. For example, union initiatives regarding employment and training policy in other regions, such as Campania, Auvergne and Castilla-La Mancha, are restricted to cooperation in participation structures so as to have an influence on state vocational training. Within the dual principle of German vocational training, trade union influence is primarily exerted via the participation opportunities provided for in collective agreements as well as through participation in the advisory councils of vocational schools. Trade unions as bodies responsible for such projects remain a special feature of eastern Germany.

¹ They include ABS electrical engineering, ABS machine tool and textile machine production, ABS agricultural and rail-mounted vehicle production, ABS steel, ABS road vehicle production and ABS machine and plant construction Leipzig.

With respect to regional development, the field of training and vocational training undoubtedly numbers among the most important fields of influence. In Auvergne vocational training can be regarded as one of the most important bases of trade union regional policy since the participation structures as well as the political competence for shaping the training programmes which are established at the regional level (see Section 2.5).

Environmental policy

Little attention has been devoted to environmental policy by the trade unions in structurally weak regions to date. This reflects the general importance attached to this policy field. First of all, the structurally weak regions in particular find themselves in an ecologically favourable situation and secondly the difficult economic situation prompts all regional actors to make greater concessions to ecologically problematic enterprises and projects. Within the framework of this conflict, therefore, it is difficult for the unions to give priority to the preservation of the environment as a regional policy trump and to resolutely tackle the problem of eco-dumping caused by environmental policy.

The environmental situation in Campania, which can be designated in some places as dramatic, measured against national and European standards, is a subject of trade union discussion;¹ however, no initiatives of any consequence have been observed up to now. A similar state of affairs can be noted in the other structurally weak regions. Nevertheless, even the unions join forces again and again with environmental protectionists in forming regional alliances whenever particularly drastic threats to the environment emerge. In Castilla-La Mancha, for example, the trade unions are involved in the struggle against the military training grounds in Anchuas, against a permanent nuclear waste disposal site at the Almaden mine as well as against the construction of a new nuclear power station in Guadalajara. Even more remarkable, however, is the union's opposition to the relocation of textile plants that are significant sources of environmental pollution from Valencia to the region.

¹ The principal and decisive measures proposed by the trade unions involve initiatives to improve the environmental situation in the especially neglected mining areas, in the densely populated coastal region and in the seawater-polluting rivers.

Overlapping points in regional policy and collective bargaining policy

The overlapping points in collective bargaining policy and regional policy represent an extremely difficult problem area for trade unions in structurally weak regions. The relatively low wages often play the role of being the only concrete location-related advantage of these regions. Against this background, an offensive wage policy is bound to meet regional policy doubts which even the trade unions cannot ignore. The trade unions in the east German unions, for example, have temporarily accepted lower real wages because of the difficult economic situation. In Scotland, they are displaying greater readiness to make collective bargaining concessions to enterprises willing to locate there. The location of vacuum cleaner manufacturer Hoover, for example, was linked to a reduction in employment standards that was accepted by the unions.² In Campania as well, however, the trade unions are quite open to models providing for greater flexibility on account of regional policy considerations, to the extent that they are determined according to collective agreement.³

A regionalized collective bargaining policy may also lead to problems and tensions between the trade unions in a country. In the industrial area encompassing the corridor of Henares, between Madrid and the province of Guadalajara, a conflict of interests exists between the Madrid workers, who see themselves as being undercut, and the workers in Castilla-La Mancha, who welcome every new location of industry. This conflict was made a focus of discussion by the trade unions. A working group comprising union representatives from the affected regions, i.e. Madrid and Castilla-La Mancha, was commissioned to develop joint strategies to resolve the conflict.

² Among other things, a reduction of wage supplement benefits, freezing of wages, creation of a more flexible grading system, a strict requirement to maintain peace as well as two-year contracts, according to which no rights to company pension scheme benefits can be acquired, have been agreed upon with the trade union EETPU.

³ It must be noted here that especially in Campania the problems connected with employment relationships that are either completely unregulated or not stipulated in collective agreements have become the rule rather than an exception. To this extent, the trade unions outside of State-owned industry are in an extremely weak negotiating position.

Experiences in the past also show, however, that purely cheap-wage strategies aimed at securing employment are damaging in the long run because sectors that are particularly wage-intensive place few demands on the qualification level of employees in most cases. As a consequence, it can hardly be expected that development in the sense of superior forms of production will be brought into structurally weak regions through cheap-wage strategies. Agreements that succeed in combining collective bargaining regulations with regional development objectives, however, can be viewed in a more positive light. Such packages, which always contain a collective bargaining policy element, will be dealt with below.

Strategies for formulating and implementing alternative trade union concepts

Implementation of trade union proposals in regional policy takes place at two levels: at the enterprise level and through involvement as a social actor in the region. At the enterprise level defensive struggles against mass dismissals and company closures dominate. Regional policy of a general nature is carried out through participation in the various regional bodies and through independent trade union initiatives. In both cases there has been little elaboration of appropriate approaches in the regions characterized by blocked development to date.¹

In the blocked regions, a picture of trade union commitment can be drawn that comes close to that in traditional industrial regions. The fight to keep open Ravenscraig, a steel corporation near Glasgow, is an example today of the tough struggle by Scottish trade unions to preserve industrial jobs in the 1980s. The steel sector as well as the shipyard industry are also a focus of trade union activity in Bremen and Campania. The steel industry in Campania, which was once implanted to accelerate regional development in the region,

is the focus of defensive union struggles against company shutdowns today. The conflict over steel manufacturer Bagnoli can be regarded as typical. After lengthy discussions restructuring agreements were reached that provided for modernization of the plant. Aggravation of the steel crisis, however, has prevented the plant from being put into operation again so that all that could be done was to negotiate over social compensation plans and reindustrialization measures.

In the east German regions of Brandenburg and Saxony, too, the years of transformation were characterized by a permanent struggle between the trade unions and the Treuhandanstalt to preserve enterprises, like the fight to save the Eisenhüttenstadt steel plant in Brandenburg.

Although public funds still play an important role in financing such rescue measures, trade union strategies today often go beyond the demand for financial aid and include efforts to point out concrete business management solutions that often mean financial losses for employees.

In spite of the mentioned shortcomings in the regional basis, remarkable trade union initiatives, which have additional significance because of the difficult economic situation, can also be found in structurally weak regions. The regional social pacts, such as those demanded by all three representative trade unions in Campania or the one concluded in Castilla-La Mancha in the form of an 'industrial pact', represent an important instrument in this connection. They can be viewed as an opportunity to combine regional forces. One of the most important elements of these pacts is the willingness of trade unions to assume responsibility going far beyond their traditional role.

The first occasion on which the trade unions in Castilla-La Mancha went beyond the enterprise level took place in 1987 in connection with the exclusion of the region from Spain's rural employment plan (Plan del Empleo Rural).² The conflict ended with a relative success for the unions: a programme for the creation of jobs in agriculture was agreed upon between the central and

¹ The weak trade union structures in Castilla-La Mancha are also evidenced by the fact that the region has the lowest number of strikes and lowest number of working days lost as a result of strikes in Spain.

² Originally the Plan del Empleo Rural only provided for measures in Andalucía and Extremadura.

regional government. This programme granted the trade unions the right to a say in the preparation of the programme, in the distribution of funds among the municipalities as well as in the monitoring of results.

As in other Spanish regions, the trade unions then developed, as a consequence of the nationwide general strike in December 1988, a joint programme of demands, according to which certain areas of social policy were to be dealt with at the regional level. The result was an agreement with the regional government concerning various social policy measures. They included the introduction of a regional social welfare system, a regional plan on employment and further training of rural workers as well as programmes for the integration of social fringe groups. In addition, the trade unions obtained certain opportunities to participate in the regional administration.

The first industrial policy concept was the so-called Albacete Pact, which was negotiated by the trade unions with the regional government and representatives of the employers in 1987.¹ Several months later an industrial pact was negotiated for the entire region of Castilla-La Mancha. This pact can be regarded as an approach towards sustainable development in the region since it clearly advocates industrialization of an endogenous nature and takes into account trade union demands to a greater degree.

Due to the special relevance of the national level for Mezzogiorno policy, social pacts aimed at the development of southern Italy have been negotiated and concluded at the national level up to now. Trade union strategy, however, has been characterized by close interplay between regional and national forces. The 'social pacts for the development of the south' as well as the 'Agreement on joint measures for the development of the south'² are examples of such a strategy for the participation of trade unions. For the three federations of labour unions, CGIL, CISL and UIL, the core of a new regional policy

for the south lies in the assumption of direct responsibility by the regional economic and social forces and their concerted action. The trade unions feel that the paralysis of the regional actors has to be overcome and the widespread 'culture of dependence' must be eliminated. In the view of the trade unions, this includes decisively standing up against the Camorra, as they themselves try to practise.

Although the trade unions in Saxony and Brandenburg had their hands full with enterprise-related and collective bargaining tasks as well as with giving shape to the new structures adopted from west Germany, the course of the economic transformation process led to the launching of remarkable initiatives in the field of regional policy. The trade unions developed intensive contacts in this connection, in particular with the State government in Saxony. Many of the industrial policy initiatives of the State government are supported by the trade unions. At the same time the latter are consulted by the Christian-Democratic government with respect to most questions relevant to structural policy. Furthermore, the State programme, work and technology in Saxony (ATS), was developed in close cooperation with Saxony's universities and other research institutions within the framework of an innovation workshop organized by the IG Metall union. According to the guiding principle of 'work-oriented innovation', just as much importance is attached to employees and their role in production as to technology and organizational design. Pilot solutions are to be promoted for effective, humane, ecological and socially compatible shaping of work and technology in Saxon enterprises. The programme is primarily aimed at small and medium-sized enterprises. Following the principle of responsibility on the part of all those involved for innovative reorganization, opportunities for support are given to management as well as to the works councils as the representatives of the employees. In this way the significance of workers' interests in the structural transformation of the economy is recognized and supported on a long-term basis.

The union-affiliated Advisory agency for work-oriented structural development in Saxony (BASIS) has certainly gained notable importance in Saxony. It was established as an association at

¹ The workers' commissions are not represented in this pact, however, because they did not consider the stipulated measures to be adequate to offer an incentive to enterprises and to accelerate administrative formalities. The UGT, on the other hand, was involved right from the beginning.

² These agreements were signed by trade unions, employers and government representatives on 8 March 1991.

the initiative of the trade unions at the end of 1991.¹ The executive board of the association is composed exclusively of active trade union representatives. Now there are BASIS offices in all industrial centres in Saxony (Dresden, Leipzig, Bautzen, Chemnitz, Zwickau). Their main activity comprises advisory services for employment organizations or for works councils and trade unions in connection with reduction of personnel or company closures.

The development of regional policy competence on the part of trade unions in the north-west region suffers from problems related to a still lacking administrative cohesion. The individual trade unions as well as the DGB have organizational structures based on very different criteria. The north-west region still does not represent a real entity to which the trade unions refer. Large-scale development concepts, such as the IG Metall's 'Coastal employment programme' that encompasses both sub-regions, represent outstanding approaches for integrated development planning. Initial attempts at trade union cooperation in the north-west region are also aimed at integrative development planning. This is favoured by a regional participation interest that has been expressed by trade unions in both sub-regions. The situation in Bremen, too, is characterized by an extremely good relationship between trade unions and Senate government, as is shown by the correspondence of interests in important regional policy questions. In the Weser-Ems region, on the other hand, the union's regional policy is restricted to local projects. Moreover, an attempt has been made to develop cross-border structural policy projects within the framework of the interregional Weser-Ems/North Netherlands trade union council; it has not been possible to implement these projects to date, however.

¹ See, for example, initiative application no 1 'Promotion of regional development and advisory offices' at the first district conference of the IG Metall in Saxony dated 24 and 25 May 1991.

In Auvergne, orientation to Paris has, up to now, remained the most important strategy for the trade unions concerning questions of regional development and equalization. To this extent, this can hardly be regarded as trade union regional policy and corresponding competence. However, it can be said for Auvergne that these questions are receiving greater attention by the trade unions. A growing commitment can be noted in the regional economic and social committee, for example. With regard to regional competence, an initial change is emerging in the basic attitude of the trade unions to regional questions.

Among the structurally weak regions, Scotland is one of the regions in which the trade unions have the highest degree of competence in regional and structural policy questions. Political debates concerning regional policy are almost always conducted under the direction of the Scottish TUC. The continuing role of opposition to the United Kingdom's Conservative government makes it easier for the trade unions to take a unified stance. In addition to its basic position of standing up for more regional self-determination rights, the STUC developed economic and social policy strategies for Scotland in cooperation with academic circles. The 1987 development programme, 'Scotland — a land fit for people', represented a strategy paper on Scottish economic development. Since 1989, the Scottish TUC has been involved in drawing up a Scottish constitution. At its annual congress in 1992, the STUC adopted an even more comprehensive strategy paper concerning Scotland's economic and political outlook. Not only is the demand for a Scottish Parliament presented, but also proposals for solving a wide variety of economic problems in Scotland, proposals that have been developed on the part of the trade unions for years. In addition, the STUC has repeatedly made it possible for non-partisan and general initiatives to come into being in order to organize regional policy discussions and campaigns.

2.8. Summary

In this section, an attempt is made to show the range of regional problems and approaches to solving them in the structurally weak regions of the European Union, using seven regions as examples. In comparison with the two other types studied, i.e. prosperous regions and traditional industrial regions, the structurally weak regions certainly represent the most heterogeneous group. By distinguishing between traditionally less-favoured regions, on the one hand, and regions that are blocked in their development, on the other, the great differences in economic strength and infrastructure are to be taken into account and the basic structures of the respective regional development problems are to be made clear. The two eastern German regions investigated, Saxony and Brandenburg, continue to be exceptional cases within the study. As parts of the former GDR, both regions are subject to a historically and politically based blocking effect and a radical transformation of the regional economic system in a way that cannot be compared with the other regional cases, making them extraordinarily weak regions in structural terms, both in a national German and in an international comparison. In the medium term, however, it is expected that Saxony, with growth rates constantly above the German national average, unlike Brandenburg, will break free of its blocked situation.

An analysis of the socio-economic and environmental situation of the regions studied (Section 2.3) identified not only major differences, but also some opposing tendencies between the traditionally less-favoured regions and those blocked in their development. Factors of relevance here

include population trends as an indicator of relative and absolute stagnation and crisis. While national economic and institutional structures would appear to form a framework determining the different situation in each of the regions, common features can still be identified among the respective structural types despite all these differences. In the economies of the traditionally less-favoured areas, the development of economic potential and infrastructures has always lagged behind general economic trends in the recent past. The group of blocked regions, on the other hand, is much more heterogeneous in its structure in this respect. This is closely related to their greater economic importance in the national context, and the existence of industrial islands. The study revealed that the crucial factors engendering structural weakness in the blocked regions are exogenous ones; these factors can be economic (industrial crisis), geographic (shifts in trade flows) or political in nature. In the traditionally less-favoured regions, in contrast, poor economic geography is the main element determining structural weakness.

The analysis of the constitutional status of the regions, and the degree to which regional identity can be said to exist (Section 2.4) allowed conclusions to be drawn regarding the political, social and economic ability to act as a regional unit, and to articulate and assert common interests. As in all European regions, the actual types of economic structure are less relevant and are somewhat masked by national and regional factors. Compared with the prosperous and the traditional industrial regions, however, structurally weak regions display a reduced capacity to assert

regional interests due to their weak economies and their heavy dependence on State transfers.

Analysis of the regional economic and structural policy (Section 2.5) revealed many common features and recurring experiences. This applies to the historical development of regional structural policy and business promotion, as well as to the instruments applied. One finding obtained in the case studies was that attempts to impose a regional policy 'from above', as could be observed in various forms in all the regions studied, from the locating of large industrial companies to exaggerated infrastructural measures, are now being questioned more critically.

These strategies succeeded in producing growth and employment during the post-war phases of economic expansion in the structurally weak regions as well; but these effects were only maintained over the long term in rare cases, and did not lead to sustainable development of economic potential.

In total, the economic development prospects of the structurally weak regions must be assessed negatively. The deterioration of economic conditions in the industrialized nations of Western Europe during the 1970s, and the declining scope for redistribution this entailed, above all through the changes in the global market and competition from cheap labour countries (which are now on the very doorstep of the European Union following the opening of Eastern Europe) are all dealing severe blows to the structurally weak regions within the national and European division of labour. This is exacerbated by the fact that the old mechanism by which high economic growth tended to induce a certain amount of convergence no longer appears to operate. Instead, regional disparities are reinforced during periods of economic decline, and tend to stagnate at best during growth phases.

The two east German regions are an exception in this respect, especially Saxony. Both have experienced remarkably high growth rates since the dramatic drop during unification.

The study showed clearly that the structurally weak regions are now facing a different set of problems which demand new approaches in the fields of business promotion and structural

development. Integrated and systematically developed concepts for the specific shaping of this structural transformation could not be seen, however. Nevertheless, some elements of such a transformation can be identified. In addition to the adaptation and reorientation of regional economic policy to regional problems and special features of the regions in the form of approaches focusing primarily on endogenous potential, the importance of regional actors for the region must also be stressed. The allocation and redistribution of transfer funds remains a basic prerequisite for the development of structurally weak regions; responsibility for the deployment of such funds and for the implementation of structural policy measures should be located at regional level, however. Another important element in successful regional development, besides the provision of resources and competences, is the variety and regional anchoring of the social actors, i.e. the entire regional society with its parties, associations, organizations and trade unions. One consequence here is that the blocked regions possess a much greater potential in terms of actors, and hence a greater potential for sustainable development, than is the case for the traditionally less-favoured regions.

We were not able in this chapter to provide any ready-made solutions to the problems faced by the structurally weak regions; on the other hand, the distinction between traditionally less-favoured and blocked regions leads, as a logical consequence, to different strategies for eradicating these deficits in development. Those regions whose development is 'blocked' must find ways to overcome these obstacles and to follow an independent path of development based on the existing potentials and the principle of sustainable development. The traditionally less-favoured, structurally weak regions must pursue development strategies of their own which have been adapted to the regional situation, although it appears that the implementation of new potentials from outside is also an essential requirement.

Trade union responses in the structurally weak regions

Examination of the regional presence of trade unions and of the policies pursued by them in the

structurally weak regions (Sections 2.6 and 2.7) similarly revealed a number of common features and differences among each of the two regional types. Due to their greater industrial weight and their stronger national and international economic integration, the blocked regions generally display a higher level of trade union presence and influence than in the traditionally less-favoured areas. Whereas Scotland, Campania or Saxony are strongholds of the respective national trade union movements as a result of their industrial history, the trade unions in the latter areas have never obtained a position of any special importance.

In total, and in contrast to the declining industrial and the prosperous regional types, the degree of trade union organization in the structurally weak and blocked regions currently shows a certain degree of stability. However, this may be an indication of lagging industrial development rather than a special resilience to crisis on the part of trade unions in these areas.

The distinction between two regional types is again manifested in connection with the question of trade union competence in the field of regional economic and structural policy. With a few exceptions, the degree of trade union competence in the blocked regions is higher than in the traditionally less-favoured regions.

The trade unions in the structurally weak regions are only beginning to develop new strategies and approaches as part of their own economic and structural policy concept. Against a background of failed industrialization and development projects, and also in connection with the general regional policy strategy debate within the trade unions, one can now observe the first signs of reorientation, in the structurally weak regions as well, towards concepts which take existing regional problems as the starting point and which favour regional development strategies based on that. Trade union thinking on the reinforcement

and generation of endogenous potentials usually build on the regional labour-market potential. In all of the regions examined in this chapter, demands are being raised for the improvement of regional skill profiles as a central element in the strategy of the trade unions.

Reference was continually made in the case studies to the fact that deficits in the sphere of general social relations also exist, analogously to the backwardness in economic development, and above all in the traditionally less-favoured regions. Only in a few cases is there any tradition of regional dialogue. Those successes achieved in this field by some trade unions that have consciously adopted the regional dimension and approaches aimed at remedying this situation are all the more important for this very reason.

The outstanding example in this connection is surely the regional political involvement of the Scottish Trade Union Congress (STUC), which has intervened for decades now in the regional policy debate, often with success. The important role that the STUC plays today in the debate over greater political autonomy for Scotland within the United Kingdom has meant that this trade union federation has certainly advanced the farthest into the field of regional social policy and has indeed achieved some success, as can be seen from the positive image of the STUC among the public in both Scotland and the United Kingdom as a whole.

The industrial pact of Albacete, and trade union initiatives in the fields of industrial and employment policy in Brandenburg and Saxony, are evidence of a constantly increasing level of regional policy competence on the part of the trade unions, also in the structurally weak regions. These examples confirm the assumption that greater successes can be attained in the long term if the regional dimension is deepened and expanded in this way than could possibly be achieved with the limited focus on national trade union interests typical of the past.

3. TRADITIONAL INDUSTRIAL REGIONS AND THE TRADE UNIONS

3.1. The profile of the traditional industrial areas

At least since the mid-1970s, the traditional industrial regions along with the structurally weak regions have numbered among the most important target groups of regional, national and Community structural and regional support. Although a generally valid definition has not yet been agreed upon,¹ these regions display a number of typical problem patterns that distinguish them from the structurally weak as well as from the prosperous regions. While the structurally weak regions are primarily characterized by below-average income levels, inadequate infrastructure and often pronounced migrational tendencies, the term 'traditional industrial region' refers to the special significance of the industrial sector and especially its sectoral adjustment problems resulting from the production structure, work organization and technology of regional industry.

For this reason we find the traditional industrial regions today mainly in the core areas of the 19th century industrial revolution, areas with a large number of industrial sectors that were once the motors of industrial and economic development, i.e. primarily the textile, coal and steel industries,

shipbuilding and other branches of the heavy machine industry. These regions are heavily concentrated in the heart of Western Europe, i.e. in northern France, central Belgium and the Rhine delta as well as in the German Rhine-Ruhr area. Due to the favourable location of raw materials and transport connections at that time, a major portion of the European coal mining industry, iron and steel industry, textile industry, mechanical engineering, primary industries and the chemical industry were concentrated in this industrial triangle. Moreover, there are traditional industrial regions in central and northern England as well as in Scotland that number among the oldest areas of industrial activity in the world. We also encounter traditional industrial regions in northern Italy and northern Spain.

Within European Union policy, the special problems of the traditional industrial regions grew to become a relevant policy field, particularly since the United Kingdom's accession in the mid-1970s. Because these regions were profoundly affected by shifts in the international division of labour, crises in the coal and steel industry and not least of all by the Union-wide policy of competition, regional and structural policy efforts in favour of these traditional industrial regions have been constantly increasing since then. Since 1988, the Union has been supporting the conversion of areas that have been hard hit by 'declining industrial development' within the framework of a separate objective (Objective 2) of the Structural Fund regulations and additionally by means of special programmes. According to the data of

¹ The term 'old industrial areas' has mainly been used in German literature. In contrast to this, the European Union usually refers to 'regions suffering from industrial decline' in its publications. In this study the term 'traditional industrial regions' has been chosen, first of all, in order to distinguish these regions from the modern, dynamic industrial regions that reached or will reach the high point of their economic strength much later. The prefix 'old' is omitted so as not to give the impression that these regions are antiquated in their industrial structure and base because modern and competitive sectors and enterprises certainly exist in these regions. Regarding the term 'traditional industrial regions', see Rider/Ires (1992).

the Commission, nearly 17% of the Community's population or approximately 55 million people lived in traditional industrial regions in 1990 (European Commission (1991a)). By far the largest proportion of the population in the United Kingdom, 35%, lives in Objective 2 regions.

Whereas the structurally weak Objective 1 regions are all level 2 NUTS regions, the Objective 2 support regions are much smaller and correspond to a territorial unit of the NUTS 3 level or frequently only part of such a unit. The list of regions entitled to receive support, which is drawn up every three years, is based on an above-average rate of unemployment, industrial

employment that lies above the Community average and a declining development of the latter. The current list comprises 60 regions, only roughly half of which correspond to the NUTS 3 level, however, while smaller territorial units account for the rest. The EU spent a total of ECU 1.5 billion on these industrial conversion areas in 1993. The focus of this financial aid is on the support of industrial investments, assistance in rehabilitation and regeneration of formerly industrially utilized areas and regions as well as, in particular, training programmes. Infrastructural improvements are financed only in rare cases because the infrastructure in the traditional industrial regions is relatively well developed.

Table 3.1
Percentage of population living
in the Objective 2 regions of the European Union (1990) ¹

Member State	Share of population %	Share of population (millions)
Belgium	22.7	2.27
Denmark	4.9	0.25
Germany	11.4	9.08
Greece	—	—
Spain	22.2	8.86
France	17.8	10.13
Ireland	—	—
Italy	6.6	3.81
Luxembourg	38.0	0.15
Netherlands	9.9	1.48
Portugal	—	—
United Kingdom	35	20.1
EUR 12	16.4 ²	52.6

¹ On the basis of population data for 1986.

² Not including those portions of the population that are covered by the Rechar programme, i.e. 0.3%.

Source: European Commission (1991a); own calculations.

Table 3.2
Basic economic and social data for Objective 2 regions

	Inhabitants per km ²	Unemployment rate (1990) %	Sectoral structure			GDP per inhabitant ¹	
			Agriculture	Industry	Service	1983	1988
Objective 2 regions	271	9.5	3.4	38.2	58.0	91.3	98.1
EUR 12	144	8.3	8.6	32.3	59.1	100	100

¹ Converted into purchasing power parities.

Source: European Commission (1991a).

The concept and profile of the problems of the traditional industrial regions

As already mentioned, the economic heyday of the traditional industrial regions was, in most cases, in the decades prior to the First World War. After the Second World War, initial signs of weakening growth were already becoming visible and at times, the considerable lead of the traditional industrial regions over other economic zones dwindled with regard to economic strength, productivity, level of wages, etc. This initial relative decline commenced even earlier in the United Kingdom, the 'birthplace of the industrial revolution', than in the other industrial nations. Traditional industrial regions there lost economic strength during the period between the two world wars and became target groups of regional support by the British central government.

As large-scale sectoral crises set in during the 1960s, however, the former forerunners of the industrial revolution in all of Western Europe came under pressure from several sides and the structural and adjustment problems that have become typical today began to emerge. The basic source of energy, for example, increasingly shifted away from coal towards oil and gas, and in the shrinking markets imported coal became a superior competitor due to the reduction in transport costs. At first the textile and later the steel industry, too, were affected by the extension of the worldwide division of labour and by the substitution of other materials for their products. While the role of the Third World countries has been limited to their function as suppliers of food and raw materials, they are now increasingly taking on industrial production tasks as well. Industrial location factors thus underwent a reassessment to the disadvantage of industrial countries, especially the traditional industrial regions. By the 1970s, when overall economic development deteriorated in the course of the oil crisis and not only declining sectors but industry in general cut back jobs, the traditional industrial regions had become targets of regional policy intervention. During the 1980s, the areas of declining industry were sites for sectoral restructuring as well as

profound phases of rationalization that in many cases were accelerated by neo-liberal economic policies. This was accompanied by a massive reduction in employment and sometimes bitter labour conflicts.

Two recent events will additionally make the position of traditional industrial regions more difficult in the future: first of all, the ending of the division of Europe, which resulted in greater competitive pressure, especially for West European steel and iron production; secondly, these regions are particularly affected by deregulation of markets and elimination of subsidies and other obstacles to trade and competition, actions that have been carried out in the course of formation of the single market.

Against this background a number of special features of the economic structure, of the social and ecological structure and of the political-institutional environment can be used in accordance with the Objective 2 criteria of European regional support and with international comparative studies (see Hesse (1988), Cheshire *et al.* (1988), Klemmer (1990)) in order to distinguish the traditional industrial type of region from the other types examined in this study:

- From the point of view of economic history, the 'traditional' industrial region is characterized by an early commencement of industrialization. These regions often played a key role in the process of industrialization because of their sectoral specialization as textile, coal and steel or machine production regions. Even today the traditional industrial regions display a high degree of industrialization and a pronounced, sector-specific influence on the part of traditional industries.
- A direct consequence of the orientation of traditional industrial regions to the coal, steel and heavy industries is the large-scale structure of the regional enterprises, often in the form of State-owned companies. In many traditional industrial regions this is a direct result of the State industrial policy and the selective creation of locations for heavy industry and the coal and steel sector. Neglect of small and medium-sized enterprises and corresponding

corporate structures is the other side of this 'big firm' orientation and represents a special problem in many traditional industrial regions.

- Social and ecological problems, such as an above-average population density, a high degree of urbanization, scarcity of land and an above-average concentration of ecological problems as a consequence of industrial pollution of air, soil and water, are closely related to the early industrialization and the special features of the economic structure.
- Finally, the special features of the political-institutional system are characteristic of the type of problems faced by traditional industrial regions because industrial history has also left permanent marks in the political culture of these regions. The great influence of the trade unions and the parties close to the labour movement in public life and in politics as well as the dominance of the interests of big industry among employers' organizations deserve particular mention in this connection. In general, it can be stated that in the traditional industrial regions constellations of social and economic interest prevail which are more oriented to the preservation or restoration of existing (economic) structures than to their active modernization and adaptation to new market and competitive conditions.

Added together, these special features contribute to the emergence of significant problems with regard to socio-economic regeneration and in coping with the structural transformation, problems that are sometimes even described as a blocking of endogenous potential (Steiner (1985), Classen (1986)).

The striking feature, especially in comparison with the regions lagging behind in their development, that the traditional regions have gone through a history of decline beginning at a high level is reflected in often profound crises in the political-institutional field and in conflict-laden social relations in these regions. A political and social potential for conflict has formed in the traditional industrial regions and its urban centres more so than in other types of regions. This applies in particular to the trade unions that have fought the strongest against the social costs of the structural transfor-

mation and have become involved in many militant labour conflicts in the traditional industrial regions. With all the economic, social and political problems and negative scenarios of the future, however, the relatively developed position of the traditional industrial regions as an 'intermediate type' cannot be ignored. In contrast to other 'problem regions', most traditional industrial regions have good infrastructure, urban centres, training and qualification standards which are lacking in other problem regions. Furthermore, most of the traditional industrial regions possess a geographic advantage in that they are located in the heart of the EU and on the basis of this location profit from the opening of markets to a greater extent than the peripheral areas.

Finally, it should not be forgotten that the problems of the traditional industrial regions are not new. In spite of 'structure-preserving constellations of interests', large-scale industrial conflicts and other obstacles to modernization, these regions are, of course, actively involved in the technological transformation with all its consequences. The fact that the international pressure of competition and the necessity of rationalization weigh heavily in these particular sectors has resulted in the 'traditional' or 'old' sectors becoming highly technological and rationalized. It is more the aspect of dwindling economic importance, crisis and decline of the sectors that had been crucial for the regional economy, with all its social consequences, that characterizes the traditional industrial type of problem region. Thus the most important and still unfulfilled task of the future in the traditional industrial regions does not so much consist of overcoming absolute structural weaknesses but of overcoming the defensive attitudes of the regional actors and their lack of readiness to adapt.

Types of regeneration and adaptation in the traditional industrial regions

If regional efforts at regeneration and adaptation in the traditional industrial regions during the last two decades are analysed (see Hamm/Wienert 1990), then great differences do, indeed, emerge in the experiences of the traditional industrial regions, but from a simplified point of view two

variants for restructuring traditional industrial regional economies can be made out. First, there is a more economically liberal type of modernization: in the majority of the regions of declining industry as well as of the regions lagging behind in their development in the European Union this represents a variant of modernization and catching up in development that attempts to create international competitiveness and growth primarily through wage cost advantages and extensive deregulation of the labour and capital markets. It is striking that existing production structures and traditions are used as a basis only in exceptional cases (e.g. the clothing, textile and shoe industry in southern Europe, which is both labour-intensive and under great competitive pressure). A conspicuous feature of this adaptation variant is the formation of a dualistic economic structure in which there is hardly any connection and exchange between the declining sectors and areas and their great social problems and the newly established, often highly technological industries, which are characterized by competitive strength but are usually branches of very mobile foreign corporations. This path of modernization continues to be characterized by an increasing loss of capability for monitoring and exerting influence and of endogenous research and innovation capacity as well as by a growing polarization of social structures. Among the regions studied here we classify, in particular, northern England under this ideal type of modernization.

By contrast, regeneration strategies that carry out rationalization and restructuring measures but attempt to cushion the related reduction in employment through alternative jobs and social compensation plans are an alternative to the controversial installation of a 'dual economy'. Great importance is attached to the aspect of social consensus and relative uniformity of living conditions in industrial and social relations. This type of regeneration places greater weight on the integration and involvement of the social actors. Parallel to this, an attempt is made to avoid the creation of dualistic economic and working world structures as far as possible. The location of new industries, diversification of the sectoral structure or expansion of the tertiary sector are intended to make use of endogenous potential and to reinforce it in the field of research and development. Additional key aspects of this variant of regeneration include

the search for balanced and diversified product ranges, retention of the highest possible degree of endogenous influential and monitoring power as well as upgrading the entire region as a location and environment worth preserving. Many elements of this variant of regeneration and modernization can be found particularly in the case of North Rhine-Westphalia as well as to a lesser extent in Lorraine, the Basque country and Liguria.

Traditional industrial regions and the trade unions

Today the traditional industrial regions are still one of the most important bulwarks of trade union organization and power. Not only is union influence in enterprises, as measured according to the number of members and degree of organization, greater in these regions than in the other types of region; the political influence of the employee organizations on local and regional actors is more extensive there than elsewhere. No other type of region has had so much trade union success, whether in the form of bargaining policy achievements, forms of participation between labour and management and labour struggles won, as the traditional industrial regions.

It is obvious today, however, that the trade unions' orientation to and fixation on the working world and the type of worker in traditional sectors have led to a dead-end with the present crisis and decreasing significance of these sectors. Due to the high degree of dependence, the bases of trade union organization and influence have become shaky as a result of the crisis in traditional industries. Accordingly, in no other type of region are the trade unions confronted with such a concentration of problems and challenges as in the traditional industrial regions.

Only in a few cases have the trade unions been able to develop their own concepts of an active structural transformation and economic regeneration to date, along with the important objective of securing locations and jobs. The reason for this, however, is probably not so much due to internal trade union aspects or to the often quot-

ed 'structural conservatism' of the employee organizations. In many cases, especially in the case of the first of the two types of regeneration mentioned above, the trade unions scarcely appear to see starting points for effective cooperation. If the relevant economic policy actors in the region

decide on a course of social and economic integration, on the other hand, then the trade unions also seem ready to take on economic policy responsibility and to get involved in long-term economic development concepts for restructuring the traditional industrial regions.

3.2. Regional sketches

The Basque country

Situated on the Bay of Biscay and with a population of slightly more than 2 million, the Basque country has a settlement density far above the Spanish average. At first, the name Basque country (País Vasco) does not evoke the image of a traditional industrial region although it has been the centre of heavy industry in Spain since the industrialization of the Iberian peninsula and today still represents one of the country's more industrially shaped regions. Rather, the image that has spread across regional and national borders is characterized by Basque nationalism and the striving for more or complete independence from Madrid, an aim which the militant underground organization ETA has pursued for decades in the form of an extremely bloody struggle. The striving for independence has been repeatedly expressed in institutional concessions and privileges granted to the Basque country in order to satisfy nationalist endeavours. Today, the autonomous community not only has a special status of autonomy guaranteed by the constitution that is more far-reaching than in the other regions of Spain, but it is also governed by Basque national parties that together have more than half of all votes behind them.

The trade union landscape, too, has a strong Basque national tinge. The ELA (Basque Workers' Solidarity) is today the strongest trade union in the Basque country and is bigger than the two Spanish federations, UGT and the workers' commissions. The Basque trade union movement is thus influenced by a double split. In

addition to competition from unions with political links, Basque national trade unions¹ contribute to a conflict-laden pluralism among employee representatives. All attempts to create a regional trade union unit have failed up to now. In view of the many controversial issues, whether that of Basque autonomy, the restructuring and modernization of the industrial base or the attitude towards the European single market, it seems likely that it will remain difficult to agree upon a uniform trade union strategy in the future.

The Basque country, along with Catalonia, represents the cradle of industrial capitalism in Spain and was, at the same time, one of the most important centres for the formation of the Spanish private banking system in the late 19th century.² The factors that favoured the role of the Basque country as a centre of heavy industry on the Iberian peninsula included the rich deposits of iron ore, an advantageous geographic location that made the region a link between Spain and Europe as well as a dynamic tradition of enterprises and qualified labour. Although the Basque country is no longer the richest region in Spain, it still has the highest per capita income and rates of productivity in the country.

The relative position of the Basque country worsened in comparison with other Spanish

¹ Besides the ELA, the separatist LAB, which cooperates closely with Herri Batasuna, has become the fourth force in the Basque trade union landscape in recent years.

² British capital played a major role in the development of Basque industrial and financial capital. For example, the Basque country exported iron ore and steel to the United Kingdom, mainly to Wales, and received hard coal in return, since it has no coal deposits of its own.

regions, especially during the 1980s. The high proportion of the production sector, primarily the raw material and capital goods industries, which account for roughly half of the regional gross value-added, has made the regional economy prone to crises. Particularly the policy of industrial adaptation ('reconversion industrial') pursued by the Spanish government shortly before entry into the EC has hit the Basque country and its production plants harder than the other Spanish regions. More than a third of the jobs lost in Spain within the scope of these conversion measures were in this region.

Although the Basque country recovered from this severe crisis in the second half of the 1980s, the economic upswing was considerably weaker than in the other parts of the country. However, the Basque economy is once again undergoing an economic crisis accompanied by great job losses. The very high rate of unemployment, over 20%, largely in the industrial conurbation in and around Bilbao, represents a special problem. Those most affected by this situation are the young people, more than half of whom are unemployed today. All of this indicates that adaptation of a Basque industry that was long screened off from international markets through protectionism is by no means over yet. This means, however, that the explosive mixture of social crises, militant trade union struggles, anti-Spanish nationalism and separatism will continue to play a major role in Basque policy in the future and that the Basque country will most likely remain a crisis-ridden region in Europe, both from an economic and a political point of view.

Liguria

With a population of slightly fewer than 2 million, Liguria is the third smallest region in Italy and the smallest traditional industrial region looked at in this study. It stretches across a narrow, 22-kilometre-wide strip between the crests of the Alps and Apennines in the north and the Tyrrhenian Sea in the south. The population and economic activity are predominantly concentrated in the cities along the coast; more than 40% of the population lives in the regional metropolis of Genoa alone.

Liguria owes its economic and social development mainly to its geographic location as a coastal region that allowed it and its ports, especially Genoa and La Spezia, to become part of the natural trading route between northern Europe and northern Italy. The phrase 'the south begins in Genoa' indicates the function performed by Liguria and its largest city as an interface between different social and economic zones. Liguria's coastal cities experienced their heyday and the height of their prosperity during the period of the late medieval sea republics when Genoa was one of the strongest powers in the Mediterranean world, often in bitter competition with Venice. Genoa's mercantile shipping activities played a major role at that time, along with Venice, in long-distance trade with the Orient, Asia and Africa, and its highly developed banking system and services made a significant contribution to the functioning of the medieval European market.

Even after the decline of the Italian powers, Liguria and Genoa profited from their function as port and trade region. Due to the small size of its territory, however, the development of industry and agriculture was subject to limits in contrast to the neighbouring regions of Lombardy and Piedmont; as a result, primarily insurance and shipbroker services as well as other activities related to shipping and trade developed here.

Liguria along with Piedmont and Lombardy formed the 'industrial triangle' in north-western Italy at the close of the 19th century, i.e. the largest concentration of the country's industrial activity. In contrast to the two other regions mentioned, however, Liguria lacked industrially oriented enterprises; the bourgeoisie of the region tended to concentrate on financial, property or insurance business and the regional economy played an important role as a service economy for the other two regions of the 'industrial triangle'. Liguria became one of the major locations for Italy's State-owned raw material industries, shipbuilding as well as the iron and steel industry. The regional economy thus not only took on pronounced features of big industry, but was also increasingly dependent on subsidies and decisions of the ministries in Rome and was directly affected by changes in the direction of their economic policy.

Today Liguria can look back upon a deindustrialization process and an increase in growth of the (non-productive) service sector which started very soon after 1945 and is now well-advanced. At present the proportion of the regional gross domestic product accounted for by the processing industry is substantially below the Italian average. The greatest losses in employment in industry were primarily compensated for through a swelling of the public service sector; the share of the regional gross value-added made up by public administration is almost as much as that of the industrial sector today. At least this has resulted in keeping Liguria's rate of unemployment below the national average.

The comparatively low level of unemployment and Liguria's still outstanding position regarding per capita income (Dellacasa 1992) conceal to a certain extent the profound economic and social problems in Ligurian society, reflected in the high percentage of older people in the population and the high rates of unemployment among young persons (OSE (1990)).

The Ligurian labour and trade union movement can look back on a conflict-laden tradition that dates back to the time of the founding of the Socialist Party in Genoa in 1892. For decades the Ligurian trade unions were among those most willing to enter into conflict and struggle in Italy and they are faced with great problems today, not so much in abandoning their traditional orientation to big and State-owned enterprises but in reorienting themselves in view of the declining relevance of these enterprises.

Lorraine

The region of Lorraine, located in north-eastern France and also part of this study, is the only French region that borders three neighbouring countries, Belgium, Luxembourg and Germany. It encompasses the four *départements* of Meurthe-et-Moselle, Meuse, Moselle and Vosges. With a population of 2.3 million, who live in an area of slightly over 23 000 km², Lorraine corresponds to the average among French regions, though it is a rather atypical traditional industrial region due to its below-average population density.

Lorraine's location near the border, which is reflected in a bilingual population, at least in the *département* of Moselle, has led to especially strong historical, political and cultural influences on the region from the outside, particularly due to frequent conflicts between Germany and France. In addition to the various social and cultural exchange relations with its neighbouring regions, Lorraine has repeatedly become the subject of conflict in German-French relations because of its economic importance for the coal and steel industry and it was twice annexed by the German Reich.¹ However, its function as a centre for the coal and steel industry in France also led to an internationalization of Lorraine society. Since the end of the last century, Lorraine has been a magnet for industrial labour migrants, particularly from Poland.

After the Second World War and into the 1960s, Lorraine numbered among the motors of industrial development in France. With the onset of the crisis in traditional industries, which include the coal and steel industry as well as the textile industry in the case of Lorraine, Lorraine's economy has been caught up in a difficult structural transformation which was reflected, for example, in the fact that the region lost more jobs than any other French region in the 1980s. In the 15 years since the mid-1970s, more than a third of the industrial workers became unemployed and the mining of iron ore is to be discontinued completely by the year 2000. The related mass dismissals and, in particular, the closure of steel locations in the area around Longwy have led repeatedly to extremely militant strike campaigns, company occupations, demonstrations and other spectacular actions that are virtually unparalleled in other European regions.

Due to its considerable economic importance and certainly also because of the great resistance of the Lorraine labour force and of the communist trade union CGT, which was dominant until the 1970s, Lorraine has been a favoured target of State regional aid programmes, support and social compensation schemes since the outbreak of its structural crisis. These programmes were not able to eliminate the severe structural

¹ The *département* of Moselle, for example, was detached from the region in the Franco-Prussian war of 1871 and remained part of the German Reich up to the end of the First World War.

problems in the region, but they did alleviate the employment-related consequences. Even in the worst times of the crisis the rate of unemployment in Lorraine was barely above the national average and in the early 1990s as well, when it brought up the rear with respect to the creation of jobs among French regions, the number of unemployed was limited.

Despite the great decline of traditional industries, the cores of the coal and steel industry and the textile industry are still of great importance. Almost all French iron and more than half of France's coal is mined in Lorraine. The State mining enterprise HBL (Houillères du bassin de Lorraine) is the major employer in the region and five of the 10 largest companies are involved in iron and steel production or processing.

One of the interesting features of the political attempts to cope with the economic transformation in Lorraine and, at the same time, open up development perspectives is the setting-up of a cross-border industrial park (Pole Européen de Développement) in eastern Moselle and in the Belgian and Luxembourg border regions where numerous foreign enterprises have located, thus compensating for a portion of the employment losses in this region's iron and steel industry.

As in the rest of France, Lorraine's trade union world is characterized by a general crisis in trade union organization and membership. The CGT, in particular, lost its dominant position in this region in favour of the CFDT. The trade union responses to the crisis in Lorraine's industries were quite different after the initial experiences with militant, but generally unsuccessful defensive struggles. Whereas the CGT continued to take a more uncompromising line, the CFDT began to pursue a strategy of negotiation over conversion measures with the aim of achieving the most favourable basic social conditions possible. The trade union organization of the CFDT in Lorraine played a pioneering role in this change of strategy nationwide, at the beginning in opposition to the national umbrella organization in Paris.

Northern England

The region of northern England, which borders Scotland to the north and the regions of Yorkshire

and Humberside and the north-west region to the south, is the northernmost English 'standard' or 'planning region'. The mountain chain formed by the Pennine Hills divides the predominantly rural region into two very different social zones: the north-east with the counties of Cleveland, Durham, Tyne and Wear, Northumberland as well as Cumbria. With its mountainous countryside, which gave it its name, and the Lake District, Cumbria is the largest county in area in the northern region, is economically dominated by agriculture and it is a popular area for tourists because of its natural attractiveness. By contrast, the north-east and especially the coastal plain of Northumberland and Durham with the rivers Tyne, Wear and Tees are among the oldest and most densely settled industrial regions in Europe. This area was one of the first and foremost sites of industrialization in the United Kingdom due to its extensive deposits of mineral resources, particularly coal, and the excellent natural transport links.

According to the last census in 1990, 2.8 million people or 5.1% of the total British population live in the northern region. Since the early 1970s, the population has been decreasing continuously. Primarily the out-migration of young people of working age has led to a preponderance of 'dependent' population groups. Over three quarters of the population lives in the narrow belt along the east coast between the northern border with Tyne and Wear and the southern border with Cleveland.

As all other English regions, the north exists merely as a statistical planning unit and does not represent a historically developed social region. The northern region has existed with its present boundaries since the last large-scale local government reform in 1974. At that time parts of southern Cumbria that economically and socially had more ties to the north-west as well as sections of north Yorkshire were incorporated into the northern region. For this reason it is difficult to make out clear historical, social and political-institutional identification factors. It is much easier, on the other hand, to identify the north-east as a traditional industrial region and fixed quantity because, in contrast to the other English economic and social zones, the term 'north-east' appeared in connection with 'regional problems' as early as the period between the two world wars.

Therefore, reference to a 'regional identity' in the north-east is more justified than in other English regions on the basis of the high population density and urbanization between the areas of Teesside in the north and south-eastern Northumberland, the common, industry-oriented social history, the political culture that has been strongly influenced by the labour movement and, not least of all, the distinct dialect of the 'Geordies' (Collis/Lancaster (1992)).

Northern England is one of the poorest regions in the United Kingdom. Permanent economic crises were the source of social problems and crises that can only be compared to Northern Ireland or the situation in the poor districts of Liverpool and Glasgow. As a result, the north-east today has the highest crime rate in the United Kingdom and its cities were the site of massive violent conflicts between young people and the police at the beginning of the 1990s.

The history and image of northern England in this century are closely linked to its industrial past, if one ignores the rural nature reserves in the west of the region. Hard coal mining dates back to the times of the Roman occupation; from the early period of industrialization to the 19th century the north-east certainly held great potential as one of the most innovative and modern production regions in the world. However, the times when the innovative environment of the region brought forth such technological achievements as the steam turbine and the locomotive are long over. By the period between the two world wars, the northern region was feeling the social and economic effects of the decline of the former key industries in the coal and steel sector and in shipbuilding. Since the march of the unemployed shipyard workers from Jarrow to London in the early 1920s the north-east has been one of the target areas of British regional support and regional policy aid programmes.

In the 1980s, a certain diversification could be observed in the processing sector (manufacture of electronics components, utilization of the shipyards for offshore facilities, pharmaceutical and food industries), and particularly the location of enterprises from the Far East, which received strong support via wage advantages, tax benefits and land development, attracted attention

beyond the borders of the region. Nevertheless, the decline of traditional industries still has a determining influence on the great social and economic problems of the region.

Northern England not only has the highest degree of trade union organization, but also exerts greater influence on the Labour Party today than the other regions in England. However, this has not kept it from being extremely weakened in its organizational strength and thus in its negotiating power by the crises in traditional industries and by the effects of the Conservative trade union laws. The most spectacular example is certainly the nearly complete disappearance of the once powerful National Union of Mineworkers (NUM). As in many other regions, the northern English trade unions today find themselves caught up in a process of fundamental change, both in an organizational and political-strategic respect.

North Rhine-Westphalia

The region of North Rhine-Westphalia is by far the most populated German *Land* with more than 17 million inhabitants; along with south-east England, this *Land* represents the most populated region in the entire European Union. In size and economic weight, the region is comparable to many independent countries within the Union. Taken by itself, North Rhine-Westphalia would rank 10th among export nations in the world.

North Rhine-Westphalia was created with its present borders through the unification of the Prussian provinces of Westphalia and the northern section of Rhineland as well as of the former free State of Lippe after the Second World War. Today these three areas, each with its own cultural, social and economic traditions, still have a determining influence on the socio-cultural differences within North Rhine-Westphalia. As a result, a regional identity throughout the *Land* has formed only to a slight degree.

North Rhine-Westphalia's outstanding economic significance, and even the motivation of the Allies to establish this *Land* in the first place, are based on the special position of the Ruhr area. The latter, comprising Westphalian as well as

Rhineland sections and having a population of more than 5 million, is the centre of economic power in North Rhine-Westphalia and still the largest industrial region in Germany. The importance of the Ruhr area goes far beyond this special economic position, however. Its coal mines, steel locations as well as iron and steel processing industries were not only the crucial motor behind Germany's industrialization; in its function as arms manufacturer the Ruhr area was also of central importance for the militarism of the German Reich in two world wars. In the reconstruction of the West German post-war economy and the 'economic miracle' in the 1950s and 1960s, too, this region, 'which came about in the first place through the industrialization process' (Rohe (1984)), played a key role. The Ruhr area was the motor for growth in the West German economy up to the 1970s. Since its industrialization, the enterprises and industries between Rhine and Ruhr were also a magnet for labour migration, beginning with the 'Ruhr Poles' in the 19th century and later with forced labour under the Nazi regime and up to the recruitment of 'guest workers' from southern Europe after the Second World War. In addition, the so-called Rhine belt, stretching from the cities of Bonn and Cologne in the south, past the capital of the *Land*, Düsseldorf, and up to Duisburg, developed into an economically very dynamic sub-region. As the location of many chemical industries and service sectors, the economic importance of this sub-region has constantly grown in recent decades. Furthermore, a number of economically relatively specialized areas exist, such as Münsterland and East Westphalia with a focus on furniture production, Sauerland (timber industry) and the Aachen area as a former textile region.

The high density of coal and steel industry locations in the Ruhr area as well as in some other smaller economic areas of Westphalia and Rhineland has also been a factor that has made North Rhine-Westphalia the largest 'problem' industrial region in Germany and today. This applies to the great dependence of the regional economy on declining industrial sectors and their structural

problems, the scarcity of land and the high pollution. Of all western German *Länder* today, North Rhine-Westphalia has by far the most serious ecological problems, in particular a high level of air and water pollution and problems resulting from traffic pressure. In addition to the problems that almost inevitably result from the high population and industrial density, the large proportion of sectors that pollute or threaten the environment, such as the chemical industry and the energy sector, holds a great potential for ecological dangers.

Although North Rhine-Westphalia has lost some of its economic power through the strong impact of sectoral crises in declining industries and has thus given up part of its economic motor function, the region must still be counted among the winners of the single market on the basis of its tight integration into the world market, its related international competitiveness and its geographic location at the centre of the common market.

Due to the high density of traditional sectors and the close partnership with the Social Democrats, who dominate especially in the Ruhr area, the influence of the trade unions in politics and society in North Rhine-Westphalia is greater than in other German regions. The trade unions in North Rhine-Westphalia are also very strongly anchored in the enterprises. Since 1919, the region has definitely been the most important bastion of the German works council tradition. On the basis of this strong position within enterprises, the trade unions in North Rhine-Westphalia's coal and steel industry were able to secure far-reaching participation within the framework of co-determination in this industry in 1951. The trade unions in this region were for a long time nationwide forerunners at the collective bargaining level, but have had to surrender this role in the course of structural crises and the related loss in their strength. However, they became involved in structural policy with their own concepts at an early date, have developed proposals for active and labour-oriented shaping of the structural transformation and have, among other things, set up their own consulting institutions.

3.3. The socio-economic and environmental situation

Basic data — the weight of the region

As already clearly shown in the previous section, the traditional industrial regions studied differ significantly with regard to their size and demographic data.

Having more than 17 million inhabitants, North Rhine-Westphalia is by far the largest region included in this study: the population of the industrial centre along Rhine and Ruhr alone, i.e. 5 million, is twice that of the other regions. This region also stands out from the others with respect to its population density, which is more than three times higher than the EU average, though its settlement density, too, is far above the European average, with the exception of Lorraine.

In all five cases, the regional population is concentrated in urban agglomerations that have formed around the traditional economic centres. For example, between a third (North Rhine-Westphalia) and over half (Liguria) of the regional population lives in North Rhine-Westphalia's Ruhr area, in the heavily urbanized county of Tyne and Wear, in greater Bilbao and in the Ligurian metropolis of Genoa, respectively. This also applies to Lorraine although the economic and industrial activities are more scattered there, while at the same time almost half of the population lives in the urban centres along the main economic axis of Nancy-Metz-Thionville. A well-known consequence of such population concentrations in traditional industrial regions that are densely settled anyway is the problem of scarcity of space, which is very pronounced in Liguria and in the Ruhr area.

Table 3.3

Land area and population of the traditional industrial regions

Region	Land area 1 000 km ²	Population (1990)		
		thousands	per km ²	Change in % 1980-90
Basque country	7.3	2 160	297	0.9
Liguria	5.4	1 727	319	-4.5
Lorraine	23.5	2 308	98	-0.6
Northern England	5.4	3 075	200	-1.7
North Rhine-Westphalia	34.1	17 104	502	1.1
EUR 12	2 253.7	327 931	146	3.2

Source: European Commission (1993c); own compilation of data.

Another striking demographic trend that shows the traditional industrial regions to be 'crisis' areas can be seen in their ageing population as well as in a negative population balance. This aspect is most conspicuous in northern England and Liguria, both of which have been suffering from outmigration, especially by young people, for a long time and have recorded the highest population decline in their respective national context. In the Basque country, too, demographic trends today are moving in a negative direction after the end of the economic recovery phase in the 1980s. And North Rhine-Westphalia's positive population balance lies substantially below the German average and can be solely attributed to the large number of people who have migrated there from the new *Länder* and eastern Europe since the end of the 1980s.

The geo-economic situation of the regions studied could not be more different. Lorraine and North Rhine-Westphalia, for example, are located in the centre of the European Union and within the European growth zone known as the 'blue banana'. Liguria's geo-economic position can be described as a link between the highly developed core regions and the less developed, but economically dynamic growth regions of the Mediterranean area. The Basque country as well as northern England must be counted among the peripheral regions within the European Union that are located far from the European as well as the respective national growth zones.

The weight of the economic power in the regions under study here varies significantly within the national and international context. North Rhine-Westphalia, whose gross national product per

employee is almost a third higher than the European average and which today numbers among the richest regions in the Community, has by far the greatest economic power. Liguria is also among the more affluent regions of the Union, while Lorraine, the Basque country and northern England have to be classified among the poorer regions of the Union with regard to the regional net value-added. The position of the regions within their national context also differs greatly. Whereas North Rhine-Westphalia's economic power more or less reflects the German national average, the Basque country and Liguria number among the richest regions in their countries. Lorraine and northern England, on the other hand, are among the poorest regions in their respective countries.

With the exception of the Basque country, the labour force participation rate in all regions studied was below their respective national average, most noticeably in Lorraine and North Rhine-Westphalia, though also in northern England. It must be kept in mind, however, that, after Denmark, the United Kingdom has the highest employment rate compared with the Union average. It is a known fact that unemployment, especially in the processing sector, is one of the most pressing problems in the traditional industrial regions. The five regions compared display some striking differences in this connection. For example, in the period from 1988 to 1990, primarily the Basque country as well as four of five counties in northern England had an unemployment rate far above the European average and ranked among the top third in Europe with the highest unemployment figures. Lorraine and Liguria as well as North Rhine-Westphalia, on the other hand, more

Table 3.4
Regional GDP in the traditional industrial regions
at the national and European level (1985-90)
(per capita in purchasing power parities)

Region	1986 EUR 12 = 100	1989 EUR 12 = 100	1989 Nation = 100
Basque country	89	94	122
Liguria	119	117	112
Lorraine	92	91	83
Northern England	92	91	85
North Rhine-Westphalia	109	107	95

Source: European Commission (1991a and 1993c); own calculations.

or less reflect the European average. Of the regions at the NUTS 2 level, solely the North Rhine-Westphalian government district of Detmold numbers among the lowest third regarding unemployment figures. If one looks at the position of the regions in their national context, then only in Liguria is the regional unemployment significantly below the national average. If one compares the region in this case with the other northern regions of Italy, however, then Liguria lies clearly above the average. Whereas the regional and national unemployment rate in Lorraine and France roughly balance, the regional figures for the other regions compared are considerably above the national average, particularly in the Basque country and in northern England. A very serious problem is that of youth unemployment, which is more than 30% in many cases.

In the introductory section, mention was already made of the great weight of the industrial sector in the regional employment structures and for the economic power and dependence of traditional sectors as the common feature of the traditional industrial regions. Even after decades of experience with economic adjustment as a consequence of sectoral crises and structural transformation, all regions studied confirm this assessment, though to a varying degree. With the exception of Liguria, where the decline in importance of the processing sector began at a much earlier date and is further advanced today, the economic and employment structures of the traditional industrial regions are still predominantly characterized by an above-average share accounted for by the industrial sector in a national

comparison as well as by a primary and tertiary sector of lesser significance.

The greatest industrial orientation, encompassing more than 40% of the employed workers, can be found in North Rhine-Westphalia and in the Basque country. Their industrial employment percentages are only surpassed by the industrial 'motor regions' of Spain and Germany, i.e. Catalonia and Baden-Württemberg. However, North Rhine-Westphalia as well as the Basque country still play the role of national industrial centres of the coal and steel industry.

Lorraine, where the industrial sector contributes half of the regional gross national product, as well as northern England still have an above-average industrial character and remain industrially shaped regions, despite massive cutbacks in employment in the production sector, even though they have lost their role as industrial strongholds and the proportions of those employed in industry are as high as in other industrialized regions of France and the United Kingdom.

As stated, Liguria represents an exception among the regions compared in this study and its percentage of workers currently employed in industry is far below the national and the European average. Instead, the region displays an orientation to the tertiary sector today, i.e. nearly three quarters of those employed, a figure that is surpassed by only a few European regions. The strong weight placed on the tertiary sector reflects the tremendous shrinking process in Liguria's industrial base, whose losses in jobs were

Table 3.5

Employment and unemployment rates in the traditional industrial regions (1990)

Region	Employment rate		Unemployment rate		
	%	Nation = 100	%	Nation = 100	Change 1985-90 (%)
Basque country	48	102	19	116	-4.5
Liguria	45	91	8.5	83	+1.7
Lorraine	52	94	8.0	91	-3.1
Northern England	60	96	9.0	142	-6.8
North Rhine-Westphalia	54	95	6.9	132	-2.0
EUR 12	54	—	8.3	—	-2.4

Source: Own calculations according to the European Commission (1991a and 1993c).

Table 3.6

The sectoral employment structure in a national comparison (1990)

Region	Agriculture		Industry		Services	
	%	Nation = 100	%	Nation = 100	%	Nation = 100
Basque country	4	33	42	127	55	100
Liguria	6	66	22	68	72	122
Lorraine	4	66	35	116	61	95
Northern England	1	100	35	116	64	92
North Rhine-Westphalia	2	50	41	100	57	103
EUR 12	7	—	33	—	60	—

Source: European Commission (1993c); own calculations.

Table 3.7

Size distribution of enterprises in the traditional industrial regions

Region	Share of employment according to enterprise size (%)			
	up to 49	50-499	over 500	of which 1 000 or more
Basque country	37.7	44.2	24.1	no data
Liguria	28.8	27.6	43.6	no data
Lorraine	no data	no data	no data	no data
Northern England	14.4	44.1	41.5	24.3
North Rhine-Westphalia	7.7	41.4	50.9	36.6

Source: Own compilation based on *Regional Trends* 1991; Statistisches Bundesamt 1992, Eurostat, Cuentas Industriales 1989.

primarily compensated for by expansion in the public service sector.

A closer analysis of the industrial share of the regional gross value-added also shows Liguria to be an exception with a share of roughly one quarter (Federindustria Liguria/ILRES (1992)). The proportion in northern England is also comparatively low, though this reflects the general British trend towards a far-reaching deindustrialization process during the past decade, as a result of which the industrial share of the gross value-added does not exceed the 30% mark in any British region (see Michie (1992)). In all other regions compared the distribution of the gross value-added indicates the strong position of the production sector. This applies particularly to Lorraine, which has a share of about 50% and thus represents the most strongly industrially oriented region studied. In addition to Lorraine, North Rhine-Westphalia and the Basque country still display the most distinct features of the 'declining industrial' sectors within the production sector.

The influence of big industry on the regions studied naturally has an effect on the enterprise

structure, too. As described in the introductory section, the minor role played by small and medium-sized enterprises and the dominance of large corporations that are often State-controlled are the main characteristics of the traditional industrial regions. The great predominance of large industrial complexes is especially characteristic of Lorraine and northern England, where nearly a quarter of the industrial workers are employed in enterprises having more than 1 000 employees.

However, Liguria's industrial structure, too, is still characterized by large State-owned enterprises, primarily in the steel industry, shipbuilding and in some sectors of the raw material industry.¹ The size structure of Liguria's industry is extremely polarized: more than 43% of the workforce is employed in enterprises having more than 500 employees. Almost a third work in enterprises with fewer than 50 employees, on the other hand, while only roughly a quarter of those employed work in medium-sized enterprises — another indication of the weakness of dynamic small and medium-sized business.

¹ Almost half of all Ligurian enterprises with more than 200 employees are under State control.

Ecological problems and crises

The traditional industrial regions certainly have the biggest ecological problems to struggle with and number among the most polluted areas in Europe. This is hardly surprising in view of the high population density and the industrial traditions that often date back centuries in the raw material and heavy industries as well as in the energy sector. Consumption of space, soil, air and water pollution, traffic stress and waste disposal problems create great problems, particularly in the highly dense urban and industrial agglomerations of the regions included in this study.

The traditional industrial regions were subject to further pollution until recently through the location of plants and large projects in the raw material processing industry and energy generation sector. Notable examples in this connection include the ecologically very controversial British reprocessing plant in Sellafield and the radioactive contamination emanating from it into the Irish Sea, resulting in serious dangers for the local population.

For a long time ecological problems were not taken notice of, whether in consideration of economic interests or due to underestimation of the long-term consequences. Furthermore, the regional governments possess only limited room for manoeuvre in the long-term combating of environmental problems since the competences in this area are usually in the hands of the central government. Environmental protection has been an issue of regional economic policy everywhere for several years now. All industrial regions treated here are faced with the great challenge of reduction and limitation of damage. The objective of ecological restructuring or even 'ecological production' is still a long way off, however. For the Basque country, for example, it has been calculated that PTA 150 billion (approximately ECU 1.2 billion) was necessary just to bring the region up to European standards with regard to environmental protection.

There are hardly any indications of a concrete strategy of ecological structural transformation in

the cases studied in this report. Only North Rhine-Westphalia shows some experience in this connection. The State government there affirms that ecological restructuring has been the second great challenge since the beginning of the 1980s, after that of coping with the economic structural transformation. On this basis some remarkable success has been achieved in the field of environmental protection. The quality of water in rivers and lakes, for example, has been improved, a noteworthy achievement especially in the case of the Rhine, once one of the most polluted rivers in Europe. Regarding air pollution control, too, significant improvements have been attained by means of desulphurization and denitrification of large combustion plants at power stations and in industry.

However, there are still enormous problems, due to the high output of carbon dioxide as a consequence of unretarded traffic growth, for example, or as a result of the increasing consumption of land. The latter not only puts pressure on the environment but even has repercussions on the economy itself, for scarcity of land hinders economic development. In North Rhine-Westphalia the government aim of becoming the 'greenest industrial region in Europe' has not yet been achieved in practice. An environmental policy that places priority on the aspect of prevention over after-treatment via limitation of damage is still lacking.

If one compares North Rhine-Westphalia with the other regions under study, however, then it must be admitted that it has moved closer to the objective of an 'ecologization of production' than the other regions studied with respect to available financial resources as well as political goodwill.

Characteristics of economic development and the transformation in industrial structure

The typical course of the economic history of the traditional industrial regions as described in Section 3.1 has also influenced the regions studied: this includes the very early date of industrializ-

ation, the motor function in the economic industrialization process at that time and finally the gradual loss of economic power, innovation potential and competitive strength in the course of the sectoral structural transformation and new conditions of worldwide division of labour. Over the past decade, the traditional industrial regions have increasingly become the subject of economic policy control attempts on the part of the regional, national and European level, resulting in very different effects in view of different basic political conditions, however. Although the structural transformation in the industrial regions fundamentally reflects general trends, there are still considerable nuances and differences with regard to its development, intensity and results.

Initial situation and post-war boom

In the three Northern and Central European regions, the industrial motor function was based on the wealth of raw materials urgently required for industrialization and on favourable geo-economic prerequisites such as central location and natural transport connections. Lorraine, northern England and North Rhine-Westphalia were not only the most important suppliers of coal, iron and steel in the national economic zone; based on these products, they were also forerunners in processing and related innovations. Particularly the industrial centres of northern England and North Rhine-Westphalia played a key role not only in a national but also in an international context in the raw material and production goods industries. This also applied to Liguria and its industrialization at the turn of the century in a somewhat weaker form while the Basque country along with the mining sector in Asturias was the centre of the coal and steel industry in Spain.

After 1945 the regions continued this tradition and through extension of their specialization in the coal, steel and energy sectors they became the catalysts of growth during the post-war boom in the West European countries. Liguria and the Basque country were made centres of the State-controlled raw material industries as well as the preferred location of large public enterprises in the iron and steel industry and in shipbuilding by their national governments. The two regions were thus assigned a more supporting role for the

industrial development of the Italian and Spanish economy and were subjected to their needs. On the basis of their natural location-related advantages (abundance of raw materials, favourable geographic location, qualification potential), Lorraine and North Rhine-Westphalia experienced an economic upswing of hitherto unknown proportions during the late 1940s and 1950s. The centres of the coal, steel and energy industries along the Rhine and Ruhr as well as in north and northeast Lorraine were also guarantors of France's industrialization policy under de Gaulle and of reconstruction of the West German economy after the end of the war. The specialization of the regional economy was expressed in the employment figures, too. In the 1950s, for example, every third worker in the Ruhr area was employed in the coal and steel industry or in related sectors.

Although northern England was also caught up in the economic boom of the post-war period after 1945, the first signs of the sclerosis of declining industry had already become obvious in the region. Because many regional enterprises had failed to invest in new and modern products and, at the same time, foreign competition became more intense, the first weaknesses in northern England's economic structure began to appear at the beginning of the 20th century. Against this background an enormous reduction in surplus industrial facilities took place in the coal, steel and shipbuilding sectors as well as in the chemical industry, leading to mass unemployment in the 1930s. In contrast to the other regions studied, northern England never recovered from this crisis; once a model region in industrialization history, it became one of the first 'problem regions' with declining industry in Western Europe. On the one hand, the demand for traditional products from northern England (ships, weapons, iron and steel) grew after the outbreak of the Second World War and there were a number of large-scale investment projects. On the other hand, however, northern England was never again to play the role that it had performed in the 19th century and was replaced with respect to its function by the southern industrial regions of England.

It is not surprising that the emergence of a crisis of declining industry in northern England took

place at an early date in comparison with the other traditional industrial regions, since the United Kingdom is known to be the oldest industrialized country in the world and its industries were long protected by the existence of the British Empire prior to European competition.

The situation in the other regions studied is completely different: to an even greater extent than before the war, North Rhine-Westphalia and the Ruhr area economy took on the role of industrial motor for West German reconstruction. And although the regional economy was centred on the traditional sectors of mining, iron and steel, the destruction of the war and the occupation policy of the Allies resulted in a process of diversification and modernization which made it perhaps the most modern industrial region in the West European post-war boom and had extremely positive long-term effects.

The economic power of Lorraine, Liguria and the Basque country, too, was initially stronger in 1945 than prior to the war because all these regions played an important role for the coal, iron and steel industry as a motor of industrialization, which commenced later in the Romance countries than in the northern European industrial nations. Another major difference is that the central State intervened in the regional economic structure in the form of an active location policy in heavy industry sectors and raw material industries in southern Europe to a much greater degree than was the case in North Rhine-Westphalia or northern England.

Crises of deteriorating industry and relative decline

The deficiencies of the traditional industrial regions (see Section 3.1) caused by factors of general economic development as well as endogenous reasons became visible at the end of the 1950s in the form of sectoral crises. In North Rhine-Westphalia, the high point of coal mining in 1957 was soon followed by the first coal crisis. Since that time, coal mining in the region has become less important economically and with regard to employment. To date almost half a million jobs have been lost in this sector. Coal mining became a subsidy case (Kohlepfennig ('Plan for Coal')) in that its products could only be

sold via State aid. This decline in importance also affected coal mining in northern England and Lorraine. For example, northern England's coal-mining industry, which employed 150 000 workers at the time of its nationalization in 1947, lost more than 60 000 jobs in the 1960s alone. Mining in northern England as well as in Lorraine today is restricted to a few sites and it appears probable that what was once the backbone of regional economic power will disappear completely in a few years. Between 1964 and 1974, coalmining output in Lorraine dropped from 16 to 9 million tonnes. In addition to mining, the textile industry in Lorraine and North Rhine-Westphalia and shipbuilding in northern England suffered the first large-scale setbacks at the end of the 1950s and beginning of the 1960s in view of intensified international competition.

The situation dramatically reached a head in the 1970s when overall economic development lost speed in all West European countries and there was a decline in industrial jobs. Traditional industries like the iron and steel sector, and thus all the regions studied without exception, were particularly hard hit. In North Rhine-Westphalia, for example, roughly half of the 230 000 jobs in the steel industry have been lost thus far since the 1970s even though the steel industry in the Ruhr area had been one of the most expanding sectors during the 1960s and early 1970s and it was possible to compensate for some of the job losses in coal mining. The causes of the structural crisis during the 1970s lay in the rapid expansion of production capacity in the traditional producing countries, the establishment of new suppliers from Japan and the newly industrialized countries and, not least of all, the increasing substitution of plastics for steel products.

Northern England's steel industry, which had been nationalized in 1967 because of the initial signs of crisis, underwent similar setbacks. The steel industry additionally suffered from the severe crisis in shipbuilding on the rivers Tyne, Tees and Wear; this sector was also nationalized at the end of the 1970s and went through an intense shrinking process. The sole remaining shipyard today is located on the Tyne and its future is anything but secure.

In Lorraine, too, numerous jobs were lost in the iron and steel production sector in the course of

restructuring measures. In the 1970s, however, the sector-specific crisis tendencies intensified into a general crisis in Lorraine's economy, in the course of which iron ore and coal mining was practically discontinued completely and the iron and steel processing industry was reduced to a few locations. In a little more than 15 years, employment in the iron ore mining and steel industry dropped from 90 000 to approximately 12 000 and another 10 000 workers are threatened with redundancy by the year 2000. The proportional significance of the industrial sector with respect to the regional gross domestic product decreased from 46.7% in 1968 to 30.5% in 1991. Between 1978 and the end of the 1980s, Lorraine had the highest number of job losses of any region in France. It also had the lowest growth among French regions, especially between 1982 and 1988. Concerning the creation of new jobs, too, Lorraine has remained below the national average since 1988, a fact that can be attributed to the strong weight still carried by the traditional industries.

In general, it is true of all traditional industrial regions studied that the problems in individual sectors concealed the actual magnitude of the regional economic crisis for a long time. The weaknesses in growth not only affected the traditional, but also other economic industries; even nationally growing industrial sectors developed much more slowly in the traditional industrial areas than in other regions. Political actors first became aware of this decoupling of the regional economy from the national trend, a typical characteristic of the traditional industrial regions, during the past decade. Upon closer analysis, however, significant nuances emerge that are primarily due to the duration and magnitude of the adjustment problems as well as to political constellations.

The reaction of the British government to the crisis in the mining, iron and steel industry as well as in the shipbuilding sector in the northern region, for example, not only consisted of nationalization of these sectors, considered to be key national industries, but also of efforts towards diversification of the industrial structure and modernization of the regional economy. The shortcomings and structural weaknesses of the region were to be taken into consideration with the help of active regional policy intervention. In

practice, however, this industrial policy strategy failed in the face of contrary economic policy decisions, particularly with regard to finance policy, and only led to an expansion of the public service sector. Moreover, large-scale modernization and investment projects, developed at the end of the 1960s (for example, the ICI Group on Teesside built the largest petrochemical complex in Europe during the 1960s) and beginning of the 1970s, came to naught when the British economic crisis intensified and the government was confronted with serious financial problems.

In the case of North Rhine-Westphalia, too, the structural problems of individual sectors has long obscured the true dimension of the economic problems in the region that are related to economic structure. This is certainly also due to the fact that the region had a favourable position regarding its economic power until the mid-1970s and was initially at a higher level in comparison with the other *Länder*. This development edge was finally lost in the second half of the 1970s, however, if one looks at the gross value-added per capita, for example. While the figure for North Rhine-Westphalia was 1.8% higher than the figure for the rest of Germany in 1975, it dropped to 3.7% below the rest of Germany in 1985. The decline of the region was by no means limited to certain key sectors. Rather, growth in overall goods production as well as in the service sector has remained substantially below the German average since the 1960s.

The importance of the industrial sector in Liguria, dominated by large State-controlled enterprises, began to wane immediately after the Second World War. By the end of the 1960s, the processing industry was only contributing 35% to the regional gross domestic product. However, Liguria's declining economic power cannot be reduced to the industrial sector alone but encompasses the entire regional economy, if one takes into account Liguria's regional share of the total Italian net value-added, which has dropped from 5 to 3.5% over the last 20 years.

The Basque country represents an exception in this connection in that, due to the protectionist policy of screening off the Spanish markets, Basque industry was first exposed to the pressure of international competition at the beginning of the 1980s and was forced to modernize its

production base. In particular, Spain's entry into the European Community exerted pressure on adjustment. The policy of 'industrial conversion' pursued by the central government in Madrid in this connection, primarily via the State holding company INI, led to a rapid rise in unemployment and high social costs.

Structural transformation and adjustments achieved

The structural transformation in the traditional regions basically took a course in the same direction as the general trend of declining importance of the production sector and increasing importance of the tertiary sector. A striking characteristic of traditional industrial regions, however, was that the gains in jobs in the service sector could not compensate for the losses in industry. This can be attributed to a general growth weakness and corresponding obstacles that were responsible for the great reduction of capacities in this sector and for the relatively low level of dynamics in the service sector.

In Liguria, industry only contributed 35% to the regional gross domestic product at the end of the 1960s. The proportion accounted for by the production sector only amounted to about a quarter at the end of the 1980s and thus remains below the Community average. The process of tertiarization, however, was based less on production-oriented services than on public services, transport, trade and tourism. The remaining production sectors are still of a traditional nature, especially the steel industry, the metal processing sector and shipbuilding. Thus the region has not been able to redefine its product mix. The basic entrepreneurial as well as economic policy conditions to achieve this were lacking. Liguria therefore seems to be limited more than ever to its service function for Lombardy, Piedmont and other Italian and European regions.

In spite of large losses in employment and restructuring measures, primarily in the iron and steel industry, the metal industry is, in the broadest sense, still a structurally determining factor for Lorraine's economy. The traditional industries (coalmining, iron ore mining, iron and steel

industry as well as textile industry) are still of great importance despite the great decline. Lorraine's industry remains very capital-intensive, but yields a low net value-added and is dominated by large enterprises. The service sector share is increasing and since the end of the 1970s, more people have been employed in services than in industry. However, this sector is still relatively insignificant in comparison with other French regions, particularly as far as market- and enterprise-related activities are concerned. Nevertheless, the Toulouse-Nancy-Metz axis has clearly been the winner in this tertiarization process over the last 20 years.

Among the regions compared, the Basque country is certainly the one in which the structural transformation has had the most difficulty in getting off the ground. Although the industrial structural crisis here commenced during the 1970s, more than 40% of the enterprises are still concentrated in declining sectors while only a few are located in the expanding future-oriented industries. Due to the heavy concentration of the State-dominated raw material and capital goods industry (iron and steel industry, shipbuilding, mechanical engineering), the Basque country was extremely hard hit by the policy of industrial restructuring pursued by the Spanish government in the past decade. The service sector is also greatly oriented to the traditional industrial sector and thus shares its proneness to crises. Basque industry is attempting to maintain its market shares, primarily via low prices and wage costs as well as greater product diversification.

In northern England, reorientation of the regional economy to foreign investors was in no way able to compensate for the jobs lost in the production sector during the crisis period from 1976 to 1983. Most of the new foreign enterprises are branches that have the purpose of serving the European market and thus making an important contribution to the export focus of the region. This results in only minor positive effects for the region, however, since both the decision-making central offices and the research and development capacities remain located outside the region. Even the hope that the new enterprises would contribute to modernization and upgrading of the entire regional economy based on their state-of-the-art production methods has not been fulfilled as yet. The company branches primarily offer routine

assembly line work for low-paid and low-qualified labour. Only some of the enterprises carry out in-house research and development and they make a very minor contribution to technological change and modernization in the region. Rather, contours of a dual economy are emerging in which highly modern islands with few ties to the regional economy exist parallel to the declining traditional industries.

The structural transformation in North Rhine-Westphalia took place in two phases. Besides the general tendency towards a decline in the production sector in favour of the service sector, a process which was, however, more pronounced here than in other regions, there was a shift in the proportional weight of sectors within the production industry. Above all the share accounted for by the raw material and production goods industry decreased. Because of the generally weak growth, losses in this sector could not be made up for by the capital or consumer goods industries and the service sector so that employment has declined since 1977 and unemployment has risen.

Only in the last third of the 1980s was it possible to return to the national level of development, both with regard to growth rates and to the labour-market. Some sectors even recorded above-average growth rates. In the second half of the 1980s employment increased by more than 10%, a rise in which the processing sector also

took part. However, this development can be attributed to adjustments to the structural transformation only to a limited extent since the positive trend in the steel industry and German unification played a decisive role.

To date, the shares accounted for by the raw material and production goods sector in North Rhine-Westphalia, primarily energy supply, as well as by the chemical industry, oil processing and iron and steel production have remained far above the average figure; thus this situation continues to hold considerable risks. This recently became evident: due to the worldwide recession, almost 100 000 industrial jobs were lost in the period from September 1991 to November 1992. The total number of employed persons has also been decreasing since 1991. The focal points of these job losses are in the iron production and steel processing industries as well as in the electrical industry. There are indications that the recent recession will trigger off a wave of rationalization, in the course of which growth in production will result while at the same time the unemployment rate will continue to rise.

In general, however, North Rhine-Westphalia proves to be, by far, the economically strongest and most competitive region among those compared. This is attributable to, among other things, factors that remain outside of the field of action of the regional actors, such as the geo-economic location and the geographic size of the region.

3.4. Institutions and regional identity

Regional identity

Neither in the structurally weak nor in the prosperous regions is industry, especially heavy industry, such a decisive factor as in the traditional industrial regions. In some cases it has formed the economic basis for regional development, and thus at the same time for a relatively high degree of affluence, since the last century. For a long time the traditional industrial regions were regarded as national forerunners of economic and social development. Industry therefore became a determining factor in regional identity and in the relations between the various social groups.

The initial historical prerequisites for the formation of regional identity display great differences between the regions studied, though their inner heterogeneity represents a common element. The latter is frequently expressed in the form of competition and mutual distrust between individual sub-regions or cities.

Lorraine does not possess a uniform identity that could be founded on a common cultural past, its own language or the like. Although at first glance the region seems to be relatively homogeneous by virtue of the dominance of heavy industry and coal mining, a closer look indicates that it is composed of two sub-regions having a very different history. The historical development of the north was very much influenced by the Catholic Church since it fell to France in 1552. The south, on the other hand, was able to maintain its independence as a duchy and did not become part

of the French kingdom until 1766. Division of these two former provinces into four *départements* was carried out after the French Revolution. The *département* of Moselle was separated from France after the war of 1870/71 and formed part of the German Reich until the end of the First World War. Like Alsace, the *département* of Moselle is bilingual. This historical background contributed decisively to the fact that in most cases regional identities were based on the *département* level and not on Lorraine as a whole.

In addition to industrial development, the tense relationship between France and Germany was particularly influential in generating a common identity in Lorraine. Because of its significance as a location of heavy industry, the region repeatedly became the subject of disputes between the two powers. This led to a strong identification with France on the part of the population. During the post-war period this conflict-laden relationship fundamentally changed as a result of the reconciliation between the two States. Lorraine and its direct neighbours, Luxembourg and Saarland, played a special role that is reflected in the close cooperation of the Euro-region Saar-Lor-Lux. No transnational or transregional identity has formed up to now, however.

The identity-promoting factors were not sufficient for local actors to relate their political action to the region as a whole. By virtue of the government structure, which allocates a more important institutional role to the municipalities and *départements*, the political coordinate system in Lorraine is also determined by the dualism of the local level, on the one hand, and the central government

in Paris, on the other. In view of the decreasing importance of old identification patterns and the profound structural crisis in the coal and steel industries, Lorraine is at present more in the process of looking for a new identity rather than being in a position of already having formed one.

As was shown in Section 3.2, the region of northern England can be defined as a social unit more so than the other English regions. Particularly the north-eastern section of the region with the counties of Tyne and Wear, Cleveland and Durham has a common identity, which is atypical for England and is not limited to county boundaries. This identity has been very strongly influenced by the industrial history of the region and by the resulting proletarian-based social structures. The economic success that lasted into the 1930s contributed significantly to a pronounced self-confidence as a major economic motor in England and thus at the same time in the Empire. Since that time, however, economic decline has become the focal point of regional awareness.

The region's industrial history corresponds to a close interlinkage between local enterprises and regional institutions, on the one hand, and to a politically oriented workforce, on the other. The strong position of the trade unions is reflected politically in the Labour Party, which is greatly influenced by the trade unions here and sets the tone in numerous municipalities. In view of this background, the region managed to obtain a wide variety of structural policy assistance into the 1970s. When the Conservatives assumed power in 1979, this situation changed fundamentally. Northern England was increasingly isolated from economic development in the south. At the same time the location of foreign, especially Japanese, corporations altered industrial relations considerably. Under the pressure of these conditions, the trade unions were forced to give up quite a number of social achievements. Nevertheless, this did not lead to a general desolidarization in the region. Rather, northern England is the only English region that advocates stronger regional autonomy rights. The 'Campaign for the north', which has existed for several years and is financed by the municipalities, involves a concept of greater regional democracy that is largely oriented to the example of the Scottish autonomy movement and makes the

north a forerunner regarding the demand for regionalization among English regions today.

North Rhine-Westphalia is the third region studied in which an identity based on the entire region exists only in rudimentary form. Culturally the earlier division of the *Land* into Rhineland, Westphalia and the former free State of Lippe continues to have an effect that is particularly expressed in differences in mentality among the population. Thus the clichés about 'Westphalian stubbornness, sobriety and deep-rootedness' and the counterpart of 'Rhineland cheerfulness and temperament', for example, certainly possess a certain degree of truth. However, the massive, economically motivated immigration of labour in the 1950s and 1960s as well as the now almost 50-year-old common history are causing these differences to disappear gradually.

In addition, industry assumed the role of an identity-promoting element at an early stage, especially in the Ruhr area. In the Ruhr area, a milieu formed that was influenced by heavy industry and characterized by a strong labour movement, on the one hand, and by a dominance of large corporations in the coal and steel industry, on the other. By virtue of the co-determination on a basis of parity in the coal and steel industry (see Section 3.6), the trade unions developed a sense of responsibility for 'their' enterprise, particularly after 1945. In the political system this social climate was expressed in the relatively prominent position of the Catholic-oriented Centre Party in the German Empire and during the Weimar Republic as well as of the CDU in the 1950s and 1960s — both parties possessed a strong workers' wing at that time — and in the exclusively SPD government since the mid-1970s. In the Ruhr area, in particular, the Social Democratic Party is still the hegemonial force; even today it wins more than 70% of the votes in some voting districts. This awareness, heavily influenced by the industrial labour movement, became a major basis for the 'We in NRW' campaign, with which the State government of North Rhine-Westphalia has been extremely successful in creating the political-ideological prerequisites for a policy of economic and social change since the 1980s.

Liguria, too, has only a limited specific regional identity. The centre of Genoa, which has based

its strength on its economic function as a major port and location of the shipbuilding sector and heavy industry, holds an outstanding and absolutely dominant position. In spite of its economically leading role as an important trading and industrial centre over many years, a diffused conservatism on the part of the various social and political forces prevails, supported by particular interests that are closely linked to the specific geographic and economic structure of the region. The focus of attention in this context is on the protection of vested rights, a basic attitude that may certainly be promising in a prosperous environment. The trade unions and the workforce as well as the traditional medium-sized enterprises profited for a long time from the strong economic position which assured them a high standard of living in comparison with Italy as a whole. The social and political conflicts were frequently projected to forces outside of the region, such as the management of State-owned enterprises based in Rome, and thus acted as a focusing element in the region. The structural transformation, which commenced in the 1930s and in the end led to a decline in State-owned industry and an upgrading of private enterprises with a simultaneous drastic reduction in industrial jobs, left its mark in the social structures. Desolidarization and marginalization tendencies among individual population groups are thus growing in scope.

For a long time the political balance of power in Liguria was shaped by the dominance of the Christian Democratic Party, on the one hand, and the Communist Party (today the left-wing democratic party PDS), on the other.¹ With 10 to 15% of the votes, the Socialist Party represented the third strongest regional party up to the last regional elections in 1990. Its policy of alliance has always influenced the formation and activities of the regional governments, thus increasing its political weight. The north Italian leagues have also recorded some success in Liguria in recent years, obtaining more than 12% of the votes, and they were able to replace the Socialists as the third strongest party. Nevertheless, their election success is far less than in the other north Italian regions. In addition, their success is not so much attributable to regional orientation but is more of a

¹ Between 1970 and 1985, the DC achieved an average of 30.5% of the votes, as opposed to 36.9% on the part of the PCI.

reflection of a general protest behaviour on the part of the voters against the established parties. The last elections for the national parliament in March 1994 confirm the regional trend towards the formation of two new competing orientations. Whereas the Christian Democratic and the Communist or left-wing Democratic Party faced one another in the past, today it is the 'Progressive Electoral Alliance', on the one hand, and the right-wing parties, on the other.² By contrast, the political centre, in which various forces are grouped around the People's Party that was formed out of the Christian Democratic Party, sank into almost complete oblivion at these elections.

The Basque region displays the most distinct identity of all regions studied. According to the Spanish constitution of 1978, the region is characterized as a 'nationality'. A special 'national' identity is expressed both in its own language (Euskera)³ as well as in specific institutional features (Fusi (1984)). Up to now the special position of the Basque provinces⁴ in the Spanish State, especially with regard to the tax system, has been based on so-called 'foral rights'.

Basque nationalism in its current form is, however, a phenomenon of the late 19th century. The Basque nationalism described by Sabino Arana (1865-1903) displayed extremely anti-modern features and viewed industrialization as a danger for the Basque identity (Solozabal (1979)). The supporters of this Basque movement were primarily farmers and owners of small businesses; the upper bourgeoisie and the industrial proletariat, both of which were formed during industrialization, maintained an attitude of scepticism or even rejection towards regional nationalism.

In the Second Republic, during which the Basque region received its first statute of autonomy (1936), Basque nationalism, supported by the Basque National Party (PNV), transformed into a movement that was based on Catholic social doctrine and abandoned its anti-industrial

² This is a coalition between the Forza Italia under Prime Minister Berlusconi, the former fascist Alleanza Nazionale and the Lega Nord.

³ Today 21% of the Basque population speak Euskera as their main language; see Koppelberg (1991).

⁴ The provinces of Vizcaya, Guipúzcoa, Álava and Navarra are also designated as 'historical territories'.

position. Basque autonomy ended after only eight months with the victory of General Franco, under whose regime Basque nationalism was systematically suppressed and public use of the Basque language was prohibited.

In the resistance against the dictatorship, Basque nationalism underwent a split over the question of whether the independence of the Basque region could also be achieved by violent means. Under the name 'Euskadi Ta Askatasuna' (ETA-Basque region and freedom), young members of the PNV turned away from their mother party and in 1959 founded the separatist organization that became well-known far beyond the boundaries of the Basque region. The struggle against the Franco regime and State repression brought, at times, great sympathy to ETA from all parts of Spain. After the transition to democracy and enactment of the Basque autonomy statute in 1980, however, the public became increasingly sceptical about the violent activities, even in the Basque region. Nevertheless, the Basque autonomy movement remained split, though the distinction between advocacy of a larger-scale autonomy within the Spanish State and the contrasting separatist demand of autonomy resulted in a new differentiation line. The majority under the leadership of the PNV supports the 'Estatuto de Gernika' and rejects violence; the KAS (Koordinadora Abertzale Sozialista) alliance, on the other hand, demands a socialist Basque State independent of Spain.¹

The Basque National People's Party (PNV), which has been part of every government since 1980, represents the most important Basque national party today while other party organizations oriented to the Basque country include EE (Euskadiko Ezkerra) and EA (Euzko Alkartasuna). In January 1988, all parties of the Basque parliament, with the exception of Herri Batasuna, concluded an Agreement on Peace and Normalization, with which terrorism was to be overcome in the Basque region. At elections the Basque parties together still gain more than 50% of the votes. However, the distinction between 'Basque'

¹ The Herri Batasuna (People's Unity) Party is the most important organization within this movement that calls itself 'socialist-patriotic' and obtains between 15 and 20% of the votes at elections in the Basque region. The Alternative KAS is a list of demands which ETA presented to the Spanish government in 1978, almost as a precondition for negotiations.

and 'Spanish' parties has become less relevant in recent years as separatist activities decline in significance. The merger of the PSOE with the EE to form the PSE is an example of this.

Constitutional status and financial resources of the regions

In comparison with the other regions studied, North Rhine-Westphalia certainly possesses the greatest institutional and material independence. On the basis of Germany's federalist structure, the region not only has an independent, elected executive and legislative branch, but also far-reaching constitutionally guaranteed competences. With the exception of the purely federal matters, the region is, for all practical purposes, responsible for all questions concerning the *Land*, frequently in cooperation with the federal government. In most other matters rights of participation are constitutionally provided for via the Bundesrat. The government structure corresponds to that of an independent State. State ministries exist for the various departments, except for political areas that fall within the exclusive competence of the federal government, such as foreign and defence policy. To ensure a more economic regional structural policy, North Rhine-Westphalia has created its own or affiliated institutions that possess extensive competences of their own. Below the actual *Land* level five government districts exist as State authorities, i.e. Cologne, Düsseldorf, Münster, Arnsberg and Detmold, which have competences especially with regard to regional planning, though they remain technically and legally under the supervision of the *Land*. The lowest structural level of government is formed by the municipalities and rural districts, which take care of their own matters independently, again on a constitutional foundation. This results in a multifarious institutional structure with several levels of hierarchy, as well as territorial bodies operating relatively independently.

The Basque region has comparably independent institutions, at least in a rudimentary form. Due to its special historical rights, the region possesses a high degree of autonomy. In comparison with other Spanish autonomous communities, Basque autonomy is unique with particular regard to its

own tax system as well as its extensive police and industrial policy competences. The region has its own government and an elected parliament. The provinces, too, are extensively autonomous and are therefore frequently engaged in competition with the Basque government. Here also there is a problem concerning cooperation or competition between the various regional bodies.

Liguria, on the other hand, possesses much weaker regional structures and competences. In practice, the political system in Italy has remained largely centralist, although the regions received their own, democratically legitimated government system as well as considerable administrative, legislative and financial policy competences in the 1970s (Gizzi (1991)). The regional administrations, however, are subject to substantial legal and factual restrictions, both regarding the available competences and their implementation. Financial resources are of great importance for regional autonomy, and the region is still very dependent on the central government for their procurement (Camera dei Deputati (1987)). At the same time, however, it assumes responsibility for coordination of structurally relevant measures carried out by sub-regional actors, thus providing a certain basic scope for shaping activities. The latter is limited by the efforts of the subordinate regional bodies not to give up any competences to the local and provincial level. The recent administrative reform, which involved a decentralization of tasks and competences in favour of local governments and provinces, has further intensified these restrictions (Scalia (1991)).

Lorraine has also existed as a territorial subdivision in addition to municipalities and *départements* since 1982. Rivalry continues to prevail, as in all other French regions, particularly between the *départements* and the regional level, which is becoming more relevant as no hierarchy at all is specified between the various territorial subdivisions, and competences are not always clearly defined and undisputed. For this reason, Lorraine finds itself in a kind of dichotomy, as a decentralized unit of the central State administration, on the one hand, and as a politically autonomous unit, on the other. As far as structural policy is concerned, the Lorraine region has a certain importance by virtue of its responsibility

for drawing up regional planning agreements with the central government. During negotiation and adoption of the last two planning agreements, Lorraine attempted to include explicitly the subordinate political subdivisions. However, the position of the regions in relation to the other territorial subdivisions is relatively weak; its financial resources are lower than those of the *départements*. In general, these restrictive basic conditions force Lorraine to limit its role to that of a moderator and coordinator with respect to the other territorial subdivisions. In this context close cooperation has come about between the four central government levels and some State-owned enterprises in working up the programme agreements. Overall, the region has been able to improve its strategic position in this manner. On the other hand, however, structures that act relatively independently of the region also came into being at local level with the participation of labour and management in order to cope with the effects of crises. Through its close and institutionalized cross-border cooperation with its neighbours, Luxembourg and Saarland, Lorraine is attempting to specify further structural policy focal points.

Northern England is the only region in England in which a State-funded institution of regional development support still exists, i.e. the Northern Development Company (NDC), which was established in its present form in 1986. Similar to the situation in other English regions, sub-regional development agencies or enterprise boards or training institutions play the most important role today. Against the background of a relatively pronounced regional identity and a tradition strongly influenced by the labour movement, an attempt was made to compensate for the deficiencies in structural policy planning at the regional level by networking local initiatives. The central factor in this connection is the amalgamation of the mostly Labour-ruled municipalities in the Northern Region Council Association (NRCA). However, the latter is not endowed with resources of any great significance so that its scope for action depends on the willingness and ability of the local governments to cooperate.

The differing extent of competences as well as the varying institutional structures are reflected in the very different financial resources available to the regions.

Table 3.8

Financial resources of the traditional industrial regions

Region	Annual volume of regional budget (million ECU)	Share of regional GDP (%)	Expenditure per capita (ECU)
Basque region	4 878	13.0	2 323
Liguria	2 160	—	1 250
Lorraine	227	0.74	98
Northern England	—	—	—
North Rhine-Westphalia	32 829	10.7	1 919

Source: Statistisches Bundesamt, BAW, MEH, ISTAT, INSEE; own calculations.

With respect to absolute figures, only North Rhine-Westphalia and the Basque region, as well as Liguria with some qualifications, possess sufficient funds. In these cases, the regional State share reaches a level that fundamentally makes it possible to undertake relevant interventions in economic activity. Moreover, the three regions mentioned dispose of either ample tax revenues of their own or at least guaranteed subsidies from the central government. The regional budget in Lorraine is negligible in comparison.

However, one must not only take into consideration the absolute amount of expenditures but also their structure. The structural policy relevance of the regional budgets can then be qualified significantly in some cases. In North Rhine-Westphalia, for example, the entire educational system, the majority of the public administration above the local government level as well as the public security bodies are financed from the budget of this *Land*. They swallow up by far the largest share of the budgeted funds. In the Basque region, areas of responsibility that are assumed by the respective central government in other countries have to be financed via the regional budget. Nevertheless, both regions retain relatively large scope for their own policies as well as for placing political emphasis in the performance of tasks assigned by the central State.

Liguria's extensive financial resources tempt one to draw premature conclusions about the financial autonomy of the region. On the one hand, the health system must be financed from the avail-

able funds while, on the other hand, a large portion of the funds are financial grants earmarked for a specific purpose so that ultimately Liguria can only freely dispose of 3% of the budget. Its autonomous scope for taking action is thus restricted similarly to the case of Lorraine. However, the structural policy significance of the regional budget is increased there by virtue of the high investment share, which is after all a little less than 40%. Northern England, by contrast, regionally depends completely on subsidies from the national government.

Of course, one cannot simply infer the typology of regional restructuring strategies presented at the beginning from the institutional structure of the regions and their available resources. The question of whether a more integration-oriented path or a more neo-liberal variant of modernization and solution of the ascertained structural regeneration problems is selected depends to a great extent, of course, on the political orientation of the relevant actors. Nevertheless, it can be stated that at least the integrative variant requires genuine on-site decision-making opportunities that have to be coupled with appropriate funding. This condition is essentially met only in the Basque country and in North Rhine-Westphalia. The other regions in which this condition is not met at all, as in northern England, or only to a partial degree, as in Lorraine and Liguria, have to make up an institutional gap in this respect, to the extent that an active policy of structural transformation is desired.

3.5. Regionally and structurally relevant policies

Development of regional structural policy in the traditional industrial regions

More so than in the case of the two other groups of regions studied, the traditional industrial regions have long become the subject of regional and structural policy intervention, whether on the part of the central State or of regional governments. This is largely due to the great economic importance held by these regions and their industries.

At least two stages can be identified in the patterns of reactions on the part of central government or regional actors to the crises in declining industries. In all traditional regions the first reaction to the structural crises in the textile, coal and steel industries came in the form of sectoral interventions. Overall, however, these measures did not touch the existing sectoral structure in the areas affected; on the contrary, they even underlined this structure in many cases, for example through selective and appropriate location of enterprises. In addition to direct State support (subsidies, nationalization), combating the employment crises by means of social compensation schemes, early retirement arrangements and training programmes formed the core of central government strategies in this field.

The first experience with sectoral and employment crises in declining industries and with the loss of regional innovative and competitive capacity was gained by the United Kingdom as, in a double sense, the 'oldest' industrial nation in

Europe. Against this background, numerous attempts were made, particularly under the Labour governments in the 1960s and 1970s, to improve regional economic strength through economic planning institutions and to ensure the survival of enterprises and sectors that were no longer competitive. In northern England, for example, a Regional Economic Planning Council with equal representation and a regional planning authority were set up in order to coordinate the various individual measures carried out by the central government in the region. During this period and in the 1970s a number of analyses were conducted on the causes of the diminishing economic strength and proposals for action regarding modernization of the economic structure were submitted (Northern Economic Planning Council (1966, 1969)). On the basis of the more negative experiences with indicative economic planning, regional development plans were then prepared in the 1970s. In a joint initiative of the central and local governments, a 'development strategy for the North' was devised.¹ These approaches of a more integrating development planning, however, were no longer implemented because of the intensifying economic crisis and the political change of course after 1979.

In France, too, the provision of restructuring and adjustment aid (investment and research programmes) for the areas and sectors most affected by the industrial structural transformation has been an important element of regional and structural policy since the 1970s. This aid also

¹ This paper was published by the Northern Region Strategy Team in 1977, see Hudson (1989).

included high subsidies and special programmes for the steel industry. As a result of the drastic cutbacks in steel production, a whole range of restructuring plans was prepared, from which the steel region of Lorraine particularly profited.¹ Besides direct financial support payments, securing of employment and social guarantees in connection with the reduction in jobs (early retirement arrangements, retraining programmes, provision of new jobs) formed the core of these plans. By means of the latter, it was possible to avoid redundancies in the steel industry for all practical purposes. In addition to these special programmes for the steel industry, a number of other State aid programmes existed for crisis-plagued sectors and enterprises in France, such as in the form of investment grants. Furthermore, there have been two special State programmes for the Lorraine region since the mid-1980s, with the help of which support was provided for the location of enterprises and diversification of the regional economic structure as well as conversion of the coal industry.²

An example of the heavily sector-related nature of the regional and structurally relevant policies in the traditional industrial regions is the strategy of reindustrialization with which the government in North Rhine-Westphalia tackled the task of reviving the crisis-plagued sectors of coal mining and steel production in the early 1970s. Examples of this strategy included the technology programmes for mining, energy and steel and the North Rhine-Westphalia Programme (government of the *Land* of North Rhine-Westphalia, (1970)). Beginning in the second half of the decade, greater focus was placed on efforts to effect a comprehensive modernization of the economic structure that can be designated as a strategy of 'neo-industrialization' (Läpple (1986)). Instead of modernization of the traditional sectors, the North Rhine-Westphalian government now aimed at an adjustment to the structural transformation via new, promising fields of production. The heterogeneous causes of the crises in declining industries were to be taken into account through initiatives in technological policy

¹ For example, Plan Davignon I 1977, Plan Giraud 1978, Plan Davignon II 1980, Steel Plan of 1984, Convention Générale de Protection Sociale 1984.

² This refers to the 'Fonds d'Industrialisation de la Lorraine FIL' and the 'Fonds d'Industrialisation du Bassin Houillier FIBH'.

and other areas. At the same time the North Rhine-Westphalian government also started to provide selective foreign trade support in order to promote the international competitiveness of local industry and thus place greater focus on the aspect of regional competitiveness.

The Basque country is a typical example of these interrelationships. Due to the late opening of the Spanish economy and democratization of Spanish society, the phenomena of crises in declining industries first emerged in the last decade and became a subject of economic policy. However, strategies of securing the industrial structure and 'reindustrialization' still characterize the regional policy involvement of the Basque government and the demands of the social actors.

In Liguria, too, industrial policy measures of the national government and sectoral plans for crisis-plagued branches of industry were the most important tools of regional economic and structural policy in the past. The industrial policy involvement of the State primarily took the form of sectoral interventions, for example via the location of steel enterprises. The great orientation to the raw material sector made Liguria's industrial structure extremely prone to changes in the basic international conditions in this sector.

These regional and structural policy strategies, which can be generally classified as 'structure-preserving', still play an important role today, though to a lesser extent in view of the more profound problems regarding economic structure that are increasingly emerging. The change in the overall economic and social policy climate (crisis of Keynesian model, neo-liberalism) and the scarcity of resources for costly renewal and preservation plans were also important reasons.

In all four regions studied, the focus of the second and still ongoing stage of the reaction to the relative decline and economic structural weakness of the traditional industrial regions is on measures aimed at improvement of the overall regional economic strength, competitiveness and location quality. The employment-relevant considerations that used to be so important have, on the other hand, become less significant.

This change is certainly most obvious in the United Kingdom After the election of the Thatcher

government a radical about-turn in economic policy took place in the United Kingdom that led to the abandonment of nearly all approaches involving integrated regional economic planning (see Armstrong/Taylor (1988)). In the field of regional policy, the government policy of the Conservatives is also characterized by the strict application of market economy principles and has an extremely centralist orientation. Not least of all, the elimination of big-city local government structures made it clear that the Conservative government rejects the concept of the region as an area of innovation. In the 1980s, however, the central government set up a whole range of sub-regional bodies of economic development and support, by means of which initiatives and investments on the part of private enterprise are to be promoted (Deakin (1991)).

Regionalization in France and decentralization of structural policy after 1982 also had consequences for regional economic and structural policy. In addition to the further existing sector-specific special programmes, the regional plans negotiated by the region and the central government became the most important instrument of regional economic policy during the 1980s. The economic structural transformation is to be pushed forward and shaped to a greater extent than was previously the case by means of regional focal points and the coordination of existing measures.

In North Rhine-Westphalia, a further change in strategy in regional and structural policy was initiated in the coal and steel industries at the end of the 1980s. Although the objectives of modernization and innovation of existing sectors within the framework of the international division of labour were to be maintained, at the same time consideration was to be given to modern location factors in implementing new production concepts by means of a 'regionalization of structural policy' (Kremer/Ziegler (1993)).

In the case of Liguria, however, structural policy involvement at the regional level is still greatly restricted by the exclusion of industrial policy from the sphere of competence of the regions. Deficiencies can also be observed in other sectors: neither for tourism nor for the transport industry, for example, have sectoral plans been

worked out, although they are among the key sectors in the Ligurian economy.

Finally, a change in the regional and structural policy strategy has also taken place in the Basque country. The aim of reindustrialization is still the focus of economic policy efforts. However, the intention is not merely to secure the existing industrial structure, but to diversify and modernize the economic structure in general by means of location of enterprises and the promotion of new technologies. The long-term goal is to secure the future of the Basque country as an industrial region.

In summary, it is clear that, in contrast to earlier periods when regional and structural policies in the traditional industrial regions were primarily aimed at modernization and rehabilitation of the key industrial sectors as well as at securing employment in these sectors, the focus of regional policy efforts today is on increasing the competitiveness and the innovative potential of the entire regional economy.

Individual fields of policy

Economic structural transformation and general economic policy

Acceptance of the structural transformation and conversion of the industrial structure as well as an increase in regional competitiveness and economic strength can be classified as common tendencies in the restructuring efforts of the traditional industrial regions during past decades. At the same time, however, there are great differences in the weighting of economic policy objectives, such as the question of competitiveness of regional enterprises, the securing of employment and technological innovation. These are, of course, closely connected to the basic political conditions that determine the room for manoeuvre on the part of actors in the region at the national, regional and to an increasing extent at the European level.

These interconnections are especially visible in the case of northern England. The present concepts of economic structural transformation and of economic policy in or 'for' northern England

(since the national government is virtually the only actor) are characterized by the neo-liberal economic policy notions of Thatcherism and a strict market orientation of the instruments used (Anderson (1990)). The NDC (see Section 3.4) is primarily a marketing organization to stimulate national and international investments, particularly in connection with small and medium-sized enterprises.¹ In accordance with the economic policy creed of the Conservatives, the NDC predominantly reflects the interests of the private sector, which finances most of the budget. In addition to the NDC, there are a number of sub-regional bodies of business support and economic regeneration in the particularly hard-hit crisis areas of the north-east. The two Urban Development Corporations created in the mid-1980s for the rehabilitation and regeneration of the former industrial areas along the rivers Tyne, Wear and Tees are especially relevant here. These authorities are directly subordinate to the central government, however, and can be influenced by regional actors and local governments only to a very limited extent (Robinson *et al.* (1993)).

Regional and structural policy in Lorraine today is also directed at the promotion of competitiveness and location quality of the entire region and not merely individual sectors. However, Lorraine's approach is much more interventionist in nature than is the case in northern England. Direct intervention in regional economic development has been effected by means of the two regional plans adopted since 1984, which involve a volume of FF 10 and 14 billion (approximately ECU 2 billion), respectively. The focal points of the plans included the support of medium-sized enterprises, expansion of agriculture, forestry and related industries as well as the promotion of technology-oriented production and research. Furthermore, it is remarkable that roughly half of the funds appropriated in both plan budgets were spent on improvement of vocational training. In addition, a regional planning policy is pursued that is to provide economic and social perspectives to those areas hardest hit by economic decline. In general, the regional plans are aimed at the regeneration and modernization of Lorraine

¹ The NDC was very successful here. Although northern England accounts for only 5% of all British industrial jobs, 10% of all newly created jobs in this sector have been concentrated in this region since 1985.

as an economic location and improvement of the social quality of life.

Mention must also be made of the cross-border European Development Pole (Pôle européen de développement - PED), established in the basin of Longwy and the neighbouring Luxembourg and Belgian regions in 1985. The PED, covering an area with a population of 300 000, is aimed at creating a generated European industrial region that is capable of utilizing its central geographic location for new employment and development dynamics.

In the Basque country increasing efforts have been made by the Basque government² in the traditional sectors to initiate a modernization of production structures via investment aid and measures to accelerate technological innovation. A whole range of industrial policy initiatives and measures was implemented in this connection. The most important institution of Basque industrial policy is the Corporation for competition and industrial restructuring (SPRI), which was set up in 1982, is financed by the Basque government and the savings banks and provides loans to the private sector for improving competitiveness and technological innovation. Modernization of the traditional industries in the Basque country was also promoted by the Plan for special economic development (PRE), which was adopted in 1985 and the primary aim of which was to support the introduction of new technologies in enterprises.

Although the industrial sector in Liguria no longer plays the central role in regional structural policy, hardly any planning activities have been developed thus far in the new key sectors of Liguria's economy, such as the service sector, especially in the areas of tourism and transport. A structural policy of substance only exists in the areas of regional planning, continuing training and in toned-down form in environmental policy.

² Prior to the establishment of the Basque country as an autonomous community, industrial policy remained solely in the hands of the central government. The industrial restructuring carried out by Madrid was primarily aimed at rehabilitation of traditional industrial enterprises and after the transition to democracy, led to a jump in unemployment that was socially cushioned only to a limited extent. Since 1981, however, relatively far-reaching industrial policy competences have been successively transferred to the Basque government. Up to the mid-1980s, the regional government made use of the related funds provided mainly to support enterprises in trouble.

An overall industrial and economic policy concept or even a guiding principle is not visible in Liguria's regional and structural policy. This is all the more regrettable since important socio-economic and technology-related potential exists in the region (Genova Ricerche (1988, 1992)).

To date, the overall economic policy concept of the Social Democratic government in North Rhine-Westphalia has been aimed at restoring full employment, coping with the structural transformation in a socially and environmentally compatible way as well as orienting the economy to international markets. In 1987, the Initiative for the future of the coal and steel regions (ZIM) was established to provide a new basis for economic policy in the Ruhr area with the focus, as already mentioned, on 'regionalized structural policy' (Ministry for Economics, Small Business and Technology of the *Land* of North Rhine-Westphalia (1992)). In 1989 this concept of a decentralized structural policy was extended to cover the entire *Land* through the Initiative for the future of the regions of North divided Rhine-Westphalia (ZIN). Within the framework of this policy sub-regional development programmes were devised in the 1980s and are currently being implemented in individual projects. The focal points of these programmes include the areas of innovation and technology support, vocational training, securing and creating jobs, expansion of infrastructure as well as improvement of the environmental situation. At the same time promising sectors are to be promoted selectively via industrial policy measures.

Basically the Initiative for the future of the regions of North Rhine-Westphalia centres on the decentralized formulation of development objectives and measures based on existing potential with the aim of coordinating various policy fields. Special emphasis is to be placed on the aspect of integration of different measures and institutions having regional policy relevance. At the sub-regional level measures are to be formulated and then coordinated in the area of technological and labour-market policy, regional planning and regional economic support. The overriding aim of this concept is to shape the structural transformation in an ecological and socially acceptable manner.

Labour-market and training

Special importance is attached to the combating of mass unemployment against the background of above-average unemployment rates, particularly in the Basque country, Lorraine and North Rhine-Westphalia. In the case of Liguria, unemployment does not represent the central problem since the rate in this region is below the national average and the losses in employment in the traditional sectors were mainly compensated for through expansion of the public service sector. In northern England, the central government, which has sole competence, also placed its trust in this connection in market forces as the solution to the severe labour-market problems in this region.

With the exception of North Rhine-Westphalia and Liguria, labour-market and training policy in all regions studied falls solely within the sphere of responsibility of the central State. For this reason an independent active labour-market policy at the regional level is only possible to a very limited degree. In most cases the policy of the regional governments is restricted to training initiatives and programmes for continuing vocational training, which are often cofinanced with funds from the European Structural Fund.

In the Basque country, support of education and employment represents an important field of activity of regional industrial policy. Some far-reaching institutional reforms are also planned in this connection. For example, a social pact¹ presented by the regional government in 1993, which has been rejected by labour and management up to now, however, involved the setting up of a special fund for employment support that would provide a volume of ECU 300 million. Furthermore, in addition to the national labour administration, corresponding Basque institutions are to be set up with the purpose of organizing educational and employment programmes as well as vocational training in the Basque country.

Lorraine and Liguria also have their own competences in the area of vocational training — a problem field to which special importance is

¹ Acuerdo Institucional para la Reactivación y el Empleo of 4 April 1993.

attached within the regional planning agreement in the case of France.¹ In Italy, the regions assume an extensive employment policy role that is also made use of in the case of Liguria. Since the end of the 1970s, for example, three-year plans have been devised for the support of vocational training. However, there are complaints that a market orientation and consideration of current industrial and employment policy developments are lacking (Osservatorio del Mercato del Lavoro Regione Liguria (1991)).

North Rhine-Westphalia is the only traditional industrial region studied in which the material prerequisites for an active labour-market policy are met. The poor labour-market situation in the region reached its high point in the period between 1983 and 1989 and the change in trend that commenced after that not only occurred later than in other *Länder*, but was also considerably weaker. In view of this situation, the government of the *Land* began very early to focus on an active labour-market policy that was aimed at the creation of new jobs, on the one hand, and at the improvement of the qualification requirements for the technological and structural transformation, on the other. In its opinion, this is the only effective protection against structural collapses. The most important tools of such a selective labour-market and training policy up to now have been the employment promotion programmes financed by the federal employment office.² Moreover, the North Rhine-Westphalian government primarily utilizes funds from the European Social Fund in order to finance labour-market policy programmes with which central employment problems are to be tackled. These are measures for vocational integration of socially weak target groups in training and employment projects, model labour-market policy projects, such as special programmes for women and initiatives for training employees in small and medium-sized enterprises.

¹ Four important programmes have been developed in this field: information services on the training situation — a regional institute for the labour-market and vocational research was set up in this connection; a programme to support apprenticeship training; a programme for the modernization of training centres; and, finally, various sector-specific continuing training programmes.

² In 1990, more than 24 000 persons were taking part in such programmes. After the amendment of the Employment Promotion Act and financial bottlenecks, however, the scope of the employment promotion policy has been significantly reduced.

Research support and technological policy

Shortcomings in research infrastructures, a low level of technology intensity and generally a lack of technological innovation potential have been stated to be the main reasons for the decline of traditional industrial regions since the 1960s. Therefore, research support and technological policy play a special role within the regional economic policy in the regions studied.

After the first regional technological policy efforts as well as the other policies were characterized by sectoral focal points and were thus of a structure-preserving nature,³ North Rhine-Westphalia was one of the first German *Länder* since the beginning of the 1980s to systematically improve the conditions in the field of research, development and innovation and push forward comprehensive modernization of the economic structure (see Bräunling/Peter (1986)). The most important foundation stone in North Rhine-Westphalia's technological policy to date was laid in 1985 in the form of the Initiative for future technologies, with which an attempt was made to tailor the technological policy for the *Land* to a future-oriented shaping of the economic structural transformation.⁴ Since then the expansion of infrastructures oriented to technological development has additionally been promoted in the form of research institutes, technology centres and transfer offices. Consequently, three central elements of North Rhine-Westphalia's technological policy can be distinguished: enterprise-oriented technological support, setting up of a technology-oriented infrastructure as well as measures for selective promotion of social shaping of technology. The long-term objective of these individual areas is to strengthen the economic competitiveness and create new jobs as well as to improve the environment and to shape the

³ In 1978, the government of the *Land* presented a technology programme specially oriented to small business, i.e. the Technology programme for the economy, and North Rhine-Westphalia was thus the first *Land* to take into account the fact that though central importance is attached to small and medium-sized enterprises in the development of innovative processes and products, it is difficult for them to gain access to technological support programmes, which are usually tailored to large-scale technologies.

⁴ The initiative had funds amounting to DM 400 million at its disposal for the period from 1985 to 1988 and comprised four areas: the Technological programme for future technologies (TPZ) with business-promoting measures for small and medium-sized enterprises, the programme Humanity and technology — socially compatible shaping of technology as well as the support of technology transfer and top-rate technology-oriented research. See Simonis (1989).

technological transformation in a socially compatible manner (Ministry for Economics, Small Business and Technology of the *Land* of North Rhine-Westphalia 1993).

In Lorraine, too, special emphasis was placed on issues of technology-oriented modernization and corresponding infrastructures within the framework of the planning agreements and economic policy of the regional government. One of the focal points of regional policy is the development of technology centres¹ and the promotion of technology transfer between research institutions and regional enterprises. The Institute for Technology Transfer (Attelor) attempts to bring innovative developments in new technologies into the enterprises. Furthermore, special focal points of technology support exist in the fields of telecommunications,² mining and the timber industry.

By contrast, the Basque country still focuses on technological modernization of the existing industries and production sectors. The region certainly has the most ground to make up in this respect in comparison with the other traditional industrial regions since selective technological support has only been carried out since the mid-1980s (Diez (1991)). Only 4% of the Basque industrial enterprises have their own research and development capacities today and the total expenditures for this field make up merely 1% of the Basque gross domestic product. The Basque government now has far-reaching competences in this policy field, however, and uses them to provide support for research and development in enterprises as well as for setting up a technology-oriented infrastructure.

Liguria numbers among the Italian regions with an intensive research and development policy both in the public and the private sector. The activities are mainly concentrated in Genoa and are aimed at commercial sectors ranging from biotechnology to electronics and the chemical industry. Greater efforts at improving the cooperation between the various actors in the research and development field have only been evident for

a few years, however. In 1986, for example, the Genova Recherche consortium, in which private as well as public parties are involved, was established in order to promote and coordinate research activities. The consortium is additionally carrying out the planning and realization of the technology park in west Genoa that is intended to join together the most qualified actors in the field of technology.

The region of northern England does not have the resources, either at the regional or at the sub-regional level, to implement its own concepts or projects with regard to research and technology support. Since national British technology support has not developed to a great extent, the activities in this area are primarily restricted to cooperation between research institutions as well as research and technology transfer. The most important institutions in this connection are the regional technology centres which are supervised by the central government or the Ministry of Trade and Industry and are supposed to act as an interface between research and regional enterprises. In addition to these central State institutions, there are several smaller initiatives financed by local forces, such as the Innovation Centre for the north-east and the Centre for CAD/CAM in Middlesbrough. Finally three smaller technology parks exist in Middlesbrough, Durham and Stockton-on-Tees. The latter was set up by the ICI chemical group.

Ecological structural transformation

Although the traditional industrial regions, in particular, suffer from the consequences of careless waste of resources, industrial activity, urbanization and commercial land use, the issues of an effective environmental protection policy and an ecological structural transformation still represent neglected fields of regional economic and structural policy.

Today there is no regional government and hardly a social actor who would deny the importance of environmental protection or an ecologically sound structural transformation. Usually, however, this only takes the form of lip-service. In view of the great labour-market problems and the still incomplete restructuring of declining crisis-prone industries, environmental protection clearly

¹ In 1977, for example, the 'Nancy-Brabois' technology centre of nationwide importance was established in Nancy and today employs approximately 20 000 people in an area of 500 hectares.

² Technopole 2000, which was established in Metz-Quelen in 1983, deserves special mention in this connection.

assumes a secondary role. But even in areas where the search for new products and jobs, the shaping of the structural transformation and the modernization of the regional economy could be linked to the goal of environmental soundness, such as in the selective support of environmental technologies, this rarely happens. In all regions studied, environmental protection usually consists of elimination or limitation of damage.

Although the government in the Basque country established its own environmental protection authority in 1982, regional environmental protection policy is still determined by the problems related to the high concentration of industry (e.g. the disposal of toxic industrial wastes or the cleaning up of polluted and disused industrial land). Only in recent years have preventive issues, such as the saving of energy or utilization of environmentally sound energy sources, become issues of Basque environmental policy.

In Lorraine, too, the environmental issue has become an important element of regional policy, though concrete strategies have not been worked out as yet. The measurable improvement in air and water quality in the region is more attributable to the decline in industrial activities, especially coalmining, rather than to an active environmental protection policy.

To date North Rhine-Westphalia is the only region in this comparative study to have set equal priority to the goal of 'ecological' regeneration as to economic rehabilitation and to have taken initial concrete steps in this direction: in 1983, its government was the first among the German *Länder* to submit a comprehensive environmental programme and in 1985, more political and institutional weight was given to the objective of environmental protection through an appropriate amendment of North Rhine-Westphalia's constitution and through the creation of a separate ministry. Without doubt, the government of the *Land* was able to record some success in specific problem areas, such as remediation of inherited pollution and conversion of former industrial areas¹ as well as improvement of the water quality. In particular, the adoption of the Land-

¹ The most important measures in this area were the setting up of the Ruhr property fund and an additional fund, with the help of which industrial zones requiring remediation were purchased.

wide water protection programme in 1987, with a funding of DM 50 billion, represented a significant step in this connection. However, parts of the Ruhr area still form the largest single smog zone in Germany, hardly any efforts have been undertaken towards a reorientation of transport policy and the abandonment of nuclear energy, which was decided upon after the reactor accident in Chernobyl in 1986, is still a long way off. The North Rhine-Westphalian government's stated goal of turning the *Land* into the 'greenest industrial region in Europe' is far from being achieved. Because of its better financial endowment and competence situation, however, North Rhine-Westphalia unquestionably undertakes the most activities and approaches towards effecting an ecological structural transformation in comparison with the other regions studied.

The role of the European Union

The effects of the implementation of the single market, of the European economic and industrial policy and, not least of all, of the European structural and regional policy are immediately perceptible in the traditional regions.

It is a known fact, for example, that competence in steel policy has been transferred to the European level since the founding of the European Coal and Steel Community in 1952. All regions studied are directly affected by the basic European conditions and decisions today, and particularly the quota and competitive policy of the 1980s made modernization and an increase in productivity absolutely necessary in these sectors.

The role played by the European Regional Funds, at least since the 1989 reform, must not be underestimated, though it has not been of the same magnitude as for the structurally weak regions. Especially in regions that are extremely hard hit by declining industrial development as well as in the field of vocational training, European funds play a great role in the financing and initiation of regional policy programmes. This applies in particular to the regions in which there is little room for manoeuvre within an independent regional economic policy, i.e. above all northern

Table 3.9

Allocation of funds from the ERDF and ESF to the traditional industrial regions from 1989 to 1993 (million ECU)

Region	ERDF	ESF	Region total	Member States total
Basque country	70.0	12.2	82.2	723
Liguria	33.1	14.4	47.5	221
Lorraine	116.3	10.1	126.4	505
Northern England ¹	121.2	42.0	163.2	1 363
North Rhine-Westphalia	145.4	46.0	191.4	280

¹ The figures refer solely to north-east England.

Source: Own compilation on the basis of figures in ETUC/ETUI (1990).

England in our comparison,¹ due to the basic political and/or financial conditions. Thus, for example, investments regarding small and medium-sized enterprises are supported, programmes for vocational and continuing training are financed and measures for land remediation and environmental protection are made possible in the regions studied with money from the European Structural Fund. The sectors particularly affected by the economic structural transformation receive special funds from Community programmes for the conversion of iron and steel production areas (Resider), the conversion of coal-mining areas (Rechar) and the modernization of the shipbuilding industry (Renaval). The cross-border cooperation programme Interreg and the integrated Mediterranean programmes also provide support in economic rehabilitation efforts.

Assessing the paths of regional development

In view of the crisis in the key sectors for their economic survival, all regions included in this study have undertaken attempts to equip themselves better against structural and economic

crises and to open up new pathways of production and employment. In none of the regions can the structural transformation be regarded as having been 'successfully dealt with', however; at most, one can point out varying degrees of progress.

Liguria and northern England, for example, have certainly gone the furthest in turning away from their former specialization in coal, steel and heavy industry. However, this sometimes took the form of a dramatic shrinking process in the industrial sector — in Liguria over a long period of time, in northern England very rapidly. Neither in Liguria, where the losses in industrial employment were sometimes compensated for by an expansion of the public service sector, nor in northern England, where the industrial shrinking process was connected with high social costs and the modernized industrial base has now taken on the character of 'extended work benches' of international corporations, have new, long-term development perspectives been opened up.

The case of northern England illustrates, particularly, the social and economic dangers of a nearly exclusively market-oriented path of structural transformation. The latter has led to the creation of a pronounced dualism in the social and economic life of the region in which the newly located, highly modern industries hardly forge any links to the regional enterprises, labour-markets and scientific, technological potential and virtually no exchange takes place. Instead, the crisis-prone areas of declining industry are extensively left to their own devices with all the related social consequences. It is no wonder, therefore, that

¹ Northern England, along with Scotland, is the region receiving the most European support in the United Kingdom. Not only are many individual projects financed from the European level that would otherwise not have been possible, but political impulses also emanate from this level. Recently, for example, it was suggested that regional actors be included in the formulation of regional development perspectives to a greater extent and this request was taken into account in the formulation of a regional conversion plan for 1994 to 1998. The organization of northern English local governments involved in the latter (North of England Assembly of Local Authorities) is, however, still dissatisfied with the conditions and specifications stipulated by the central government.

northern England has the highest crime rate in the United Kingdom and the readiness to commit criminal and violent acts has greatly increased, especially among urban youth.

Northern England as well as Liguria is currently in search of a new regional development path that could fill the vacuum left after the disappearance of the traditional industrial orientation. While at least the political and institutional prerequisites exist in the case of Liguria, structures for independent regional development planning must first be created in northern England. This is not possible at the local level alone, however, and depends on a rethinking process in Westminster.

By contrast, the other regions have been able to retain their character as coal and steel industry locations of national and European importance. The conditions for modernization of the Basque industry are undoubtedly the most difficult in comparison with the other regions studied. Industrial rehabilitation is hindered by the peripheral geo-economic location as well as by the unstable political situation. Against this background the extensive industrial policy efforts of the regional government represent at least a ray of hope.

Lorraine and North Rhine-Westphalia started to modernize their coal and steel industry base and their economic and competitive strength much earlier than the Basque country. Furthermore,

they have undertaken efforts to diversify the economic base through new products and to change the overall economic structure by supporting small and medium-sized enterprises. In comparison to the other regions studied, they additionally have geo-economic advantages that will certainly pay off even more in the future.

Interestingly enough, both regions have managed to keep their special position with regard to the coal and steel industry and to cope with the structural transformation in a very different manner up to now. Whereas the central State plays the decisive role in shaping the structural transformation in the case of Lorraine, even after regionalization, the government in North Rhine-Westphalia is the most important actor in the *Land*. Moreover, this government has taken even more decentralized steps through its concept of a 'regionalization of structural policy'. The question of which model will be successful in the end cannot be conclusively answered here; a direct comparison would then be necessary. In any case, the North Rhine-Westphalian model definitely places more emphasis on including the social actors at the local level when devising development perspectives. This may be the very reason why North Rhine-Westphalia today is the only region in this comparative study that has made ecological rehabilitation of the region one of the primary objectives of structural policy, along with economic rehabilitation.

3.6. Trade union presence at enterprise and regional level

The traditional industrial regions can be designated as strongholds of the trade union organization in their respective countries. In these regions they developed into a major social force that plays a decisive role in shaping conditions and also possesses great political influence.

The economic structural transformation of the past decades has placed special demands on the trade union organizations, particularly in the traditional industrial regions. Although trade union influence is still substantial, the regional union movements in all regions studied are caught up in a crisis-plagued process of organizational change. The latter manifests itself, on the one hand, in large losses of members that are, in part, caused by high unemployment and, on the other hand, by changes in the membership structure.

A considerable difficulty arises in bringing the new demands in line with the needs of the members as well as with the necessity of the struggle against plant shutdowns. The trade unions in the traditional industrial regions are walking a difficult tightrope in this respect. The necessary defence of justified interests can easily turn into what is, in the end, counterproductive structural conservatism. Of decisive importance in this connection is how the trade unions will manage to link company-related and internal sectoral conflicts to the development of future perspectives for the region.

The historical profile of the regional trade unions

Due to the very early date of industrialization and the focus on the coal and steel industry in the region, the northern English labour and trade union movement can look back on a long history, rich in experience, which is certainly unparalleled in Europe and is still reflected in a degree of organization in excess of 50% today. As early as the 19th century the enterprises in the region, especially the mines, had become the site of fierce and momentous class struggles in which social achievements often were secured on behalf of the entire British labour movement, such as the successful struggle of the machine builders for the nine-hour day in 1871.

At a very early date, a tradition of corporatism or political and social cartels formed in the industrialized sections of the north that was based on the closely linked network of the most crucial regional sectors (coal mining, steel industry, shipbuilding, arms industry) and in which the trade unions along with the Labour-dominated local governments played an important role. Particularly north-east England was, in this respect, an outstanding example of the proverbial role of the British trade unions as 'social parties'. As economic crises became increasingly prevalent in the north-east, the regional trade unions became the most persistent advocates of a strongly interventionist and active role of the central State in

regional economic and structural policy during the post-war period.

In North Rhine-Westphalia, too, the history of the trade unions is a reproduction of industrial history. However, the small-scale orientation has been conspicuous ever since the beginning of development. Local or specific company interests dominate the trade union organization to a greater than normal extent. At the same time the trade union movement was split into a Social Democratic, a Communist and a Catholic wing at an early date. This split significantly hindered effective resistance against Hitler's assumption of power. This historical defeat was followed by years in which unions were banned and numerous active trade unionists were persecuted.

After 8 May 1945, reconstruction of the trade unions, oriented to local circumstances, began very soon in the western occupation zones. Having learned from mistakes in their own history, unions made the single trade union centre the undisputed organizational principle. Early demands for nationalization of heavy industry and mining in the Ruhr area were defeated by the veto of the Allies.

In the course of co-determination in the coal and steel industry in 1951,¹ however, significant trade union influence was able to be exerted on company management in these sectors. In accordance with the economic importance of the region for the 'economic miracle' in Germany, the North Rhine-Westphalian trade unions additionally assumed a forerunner function in collective bargaining policy in the 1950s and 1960s.

In Lorraine, the trade unions had also become a significant force at an early date. Within the French union movement, however, they do not hold such an outstanding position as the trade unions in the other regions studied. Moreover, it is remarkable that the Lorraine trade unions display little internationalist orientation despite the region's location on the border to Germany and Luxembourg and despite its very proletarian features.

¹ Co-determination in the coal and steel industry applies in the large enterprises of these sectors. Shareholders and employees have equal representation on the board of directors of these enterprises. In addition, the trade unions are included in the management through a director representing the employees.

The characteristic split of the French trade union movement into unions with political links developed right at the beginning of the movement. Although the CGT was the strongest trade union for decades, as in all of France, the reformist trade unions CFDT and CFTC traditionally hold greater importance in Lorraine. In the 1980s, the CFDT succeeded in becoming the strongest force and in pushing the CGT into second place, measured according to the results of the elections for the works committees.

After the industrial revolution and the development of large industrial complexes, Liguria was characterized by a class-conscious proletariat and a strong labour movement, especially during the last two decades of the 19th century. Trade union activities developed at an early date here as well. In 1896, the first Chamber of Labour ('Camera di lavoro') in Liguria came into being in Genoa according to the French model and was finally recognized by the city and in 1900, by the national government, too, after hard conflicts. Since that time, the Ligurian trade union movement has become increasingly politicized parallel to its growing strength and establishment in the region. It managed to gain national influence that far exceeded both the numerical strength of the movement as well as the importance of Liguria's industry. Furthermore, nationalization of large Ligurian enterprises during the fascist period led to a situation in which major conflicts over the working conditions in the region were later dealt with at the national level. After an initially illegal trade union movement was constituted in Liguria as one of the first regions in resistance against fascism, the trade unions there performed an important function in the following period, too.²

The pronounced local and particularist orientation of Ligurian society is also reflected in the development of closed corporations in the port sector. As a consequence, a number of enterprise-oriented employee interest groups came into being that created additional breaks in Liguria's trade union movement. The company-syndicalist policy of the dock workers, in particu-

² Mobilization against a party convention of the neo-fascists supported by the government led by the Christian Democrats in Rome for coalition policy reasons in 1960 triggered conflicts emanating from the Ligurian organizations between the trade union movement and the government in Rome that finally led to the latter's resignation.

lar, led to a split between the industrial and dock workers and the respective trade union organizations that was not free of political instrumentalization.

The Basque country is one the birthplaces of the Spanish trade union movement. The UGT, founded in the Basque country as the first trade union in Spain, initially had a socialist character and was oriented to the central State. Organizationally, it was primarily based on the large number of immigrant industrial workers. A Basque nationalist trade union, on the other hand, did not develop until the 1920s after the Basque movement had abandoned its initially anti-industry attitude; it led to the founding of the ELA in 1933. The most important ideological reference points of this trend were now composed of Catholic social teachings and Basque nationalism. The conflicts between the two trade union orientations characterize the situation even today. During the Franco dictatorship, however, the entire trade union movement, coming from different directions, formed a united force of resistance. A specific synthesis of socialist and nationalist Basque aims came about during this period. In the resistance the workers' commissions in the Basque country, too, developed into one of the central actors, who were not subject to communist influence here to the same extent as in other parts of the country, however. The conflicts over the right road to national autonomy finally led to the founding of the LAB in 1974 as the second nationalist Basque trade union, which is closely linked to the Herri Batasuna political formation. Only during the transition to democracy did the debate among unions with political links as well as the dissent regarding Basque autonomy emerge as central lines of conflict between the trade unions.

The regional presence of the trade unions

A comparison of the numbers of members impressively confirms the extraordinary strength of the trade unions in the traditional industrial regions. The degree of organization is, in each case, several percentage points higher than the national average. This difference is extremely striking in the Basque country. In North Rhine-Westphalia the absolute weight of the trade unions must be underlined, which is not least of all

due to the size of the *Land*. At present 28% of all members of the old Federal Republic and approximately 20% of all German trade union members are organized in the region. In Liguria the regional degree of organization exceeds the national average in spite of the currently rapidly declining industrialization.

Although no concrete membership figures are available for Lorraine, the region can still be regarded as a trade union bastion in France even after years of enormous losses of members. This is indicated by the number of trade union sections, for example.

The crisis-prone economic structural transformation is clearly reflected in the trade union development. A shift in the importance of individual branches of industry can generally be observed as well as an upgrading of the service sectors. In northern England this manifests itself as follows: the mine workers' union NUM, once the most powerful and organizationally strongest trade union in the region, has shrunk to 4 000 members today due to the closing down of mines. Along with the traditionally strong general union GMB, the trade union of public service workers Unison now represents the largest trade union organization in the region. Finally the structural transformation is also reflected here in the losses of members over recent years.

A strengthening of the 'service trade unions' can also be noted in North Rhine-Westphalia. Above all the trade union for public services and transport (ÖTV), the IG Medien (media workers' union) and the trade union for trade, banks and insurance (HBV) have been able to report growth in membership in recent decades while the industrial unions suffered losses. Particularly IG Bergbau und Energie (mining and energy sector workers' union) had to cope with a drop in membership of more than 20%. At the same time there has been an increase in the proportion of older members. Substantial losses of members also characterize the picture with regard to the other trade unions in the crisis-prone sectors. IG Metall, for example, lost 12%, and the trade union for textiles and clothing (GTB), 20% of its members in the period from 1980 to 1990. However, the industrial unions still have a much higher absolute number of members than most service trade unions.

Table 3.10

Regional membership figures and degrees of organization

Region	Trade union	Membership	Regional degree of organization (%)	National degree of organization (%)
Basque country	Total	177	34	17
	UGT	40		
	CCOO	36		
	LAB	18		
	ELA	83		
Liguria	Total	306	48.9	47.4
	CGIL	173		
	CISL	84		
	UIL	49		
Lorraine	—	—	—	12
Northern England	TUC	572	51	37
	GMB	118		
	Unison	99		
	TGWU	65		
North Rhine-Westphalia	DGB	2 418	35.5	38

Note: All data are based on 1990 with the exception of Spain/Basque country (1992) and the figures for the British affiliated unions (1988); no data were available for Lorraine.

Source: *Regional Trends*, No 26, 1991, pp. 148/49; *Employment Gazette* 1/1993, pp. 686/87; our own calculations on the basis of EUREG case studies and data of the trade union federations.

In Liguria, the focus of trade union membership has shifted to the private and public service sectors. In 1992, only slightly over 20% of the members worked in industry. An additional indicator of the structural transformation is the extremely high proportion of old age pensioners among members, i.e. 40%. Obviously it has not been possible to attain a similarly high degree of organization in the up-and-coming sectors as in the core branches of industry.

The structural transformation manifests itself in Lorraine primarily as a shift in weight between the two largest trade unions, CGT and CFDT. The CGT, which traditionally had its organizational focal point in the large industrial enterprises, has had to surrender its position as the strongest trade union in the region to the CFDT, whose organizational strength can, in turn, be found particularly in the public service sector. At the same time a rise in the importance of the FO can be noted, a union that is now engaged in an intense competition for members with the CFDT in the tertiary sector. If one looks at the election results of recent years, however, Lorraine cannot be considered to be a stronghold for any of the trade unions. Only the Christian union CFTC

makes an above-average showing in the region, which can be attributed to its traditional anchoring in the mining industry.

Finally, the trade unions in the Basque country, too, have their organizational focal point in industry. The effects of the structural transformation on the organizational structure, however, are not as pronounced as in the other regions, although a significant reduction in industrial jobs has taken place in recent years. Moreover, a trend towards a higher proportion of older members is perceptible that is closely connected with the dramatically high rate of youth unemployment in the Basque country.

Anchoring at enterprise level

The results of the works council elections can be regarded as a reliable indicator of trade union anchoring at the enterprise level in Spain and France; they provide information on the relative strength of the respective organizations in the regions.

Table 3.11

Share of seats won by the main trade unions in works council elections in the Basque country (1980 and 1990)

Trade union	1980 (%)	1990 (%)
UGT	19.5	19.5
CCOO	17	17
LAB	4.7	13
ELA	25.6	37.8

Source: Own calculations based on EUREG case studies.

It is striking that the Basque national trade unions are absolutely dominant while the ELA was able to significantly improve its leading position. Even the LAB, a trade union not considered to be representative up to now, substantially enhanced its position. The national Spanish trade unions were able to keep their share extensively stable over the decade. This indicates that above all the ELA and LAB have succeeded in acquiring the loyalty of members and sympathisers from other trade unions as well as non-organized workers.

In Lorraine, the CFDT and the CGT are the most important organizations, each with more than 20% of the seats at the elections for the works committees, though it is striking that the CFDT recorded slight gains while the communist CGT suffered additional losses. The rising proportion of non-organized workers is also remarkable. Evidently the trade unions have not managed to

Table 3.12

Distribution of seats in the works committee elections in Lorraine (1986/87 and 1988/89)

Trade union	1986/87 (%)	1988/89 (%)
CGT	23.9	22.2
CFDT	24.9	25
CFTC	7.4	7.6
FO	10	10.3
CFE-CGC	5.2	4.6
Other trade unions	5	5.7
Non-organized	23.7	24.5

Source: Own calculations based on EUREG case studies.

check the gradual loss of trust. It should be mentioned in this context, however, that the percentage of enterprises in which at least one trade union is present is still above the French average with a figure of 53.5%. However, a drop of 1.7 percentage points was recorded here from 1987 to 1989.

Due to the dominance of the national negotiation level and the relative inconsistency of the private industrial sector, the enterprise level of trade union policy in Liguria is less relevant than in other Italian regions where, such as in Piedmont, the negotiation result of a corporation like FIAT not only influences the regional, but also the national collective agreement negotiations of the entire sector. The counterparts of the trade unions at the regional discussions were not individual enterprises for a long time but the governments, the ministers for State shareholdings and the merchant marine, on the one hand, as well as Inter-sind, the employers' organization of State-owned industry, on the other hand. Nevertheless, here again the enterprises were the basis of the trade unions' fighting and assertive strength.

Based on national trade union traditions, the enterprise levels in North Rhine-Westphalia and in northern England have greater relevance than in the Romance regions studied. In North Rhine-Westphalia anchoring at the enterprise level is very differentiated, important factors being the form of organization and the size of the enterprises, on the one hand, and the type of sector, on the other. The legal form and size of the enterprises decisively determine the scope of the co-determination rights and thus the institutional opportunities for exerting influence on the part of the workforce and trade unions. The most extensive of these rights are provided in enterprises in the coal and steel industry. Co-determination with equal representation exists here, assuring the trade unions great influence on the entire company development. This is a major factor behind the extremely cooperative behaviour of the trade unions in the large enterprises in the coal and steel industry. Since they themselves assume co-responsibility for the fate of the enterprise, they are frequently willing to make compromises on disputed issues and do not shy away from protecting themselves politically when confronted with job losses regarded as unavoidable. The

co-determination rights in other corporations or in partnerships are considerably weaker.¹

Finally, the works councils anchored in the Works Council Constitution Act guarantee, at least in most enterprises, a solid presence of the trade unions. Although the works councils are formally independent of the trade unions, approximately 80% of the elected works councils in the industrial sectors, in fact, belong to a DGB trade union. By contrast, only roughly 53% of the staff councils² are members of the ÖTV. The degrees of organization differ between the various sectors significantly. At the top of the list are the mining enterprises with a degree of organization of nearly 100%. Furthermore, in large enterprises in other industrial sectors substantial degrees of organization, between 40 and 60%, are the rule. In small enterprises and in the service sector trade union anchoring is, in some cases, considerably below these figures.

Due to the structural transformation and economic decline, trade union anchoring at the enterprise level in northern England has changed significantly. Particularly the newly established enterprises in the region have broken up the old structures. This can be shown by means of two indicators. While less than 40% do not belong to any trade union in the long established enterprises, this figure is more than 60% in new enterprises. Necessary agreements between the workforce and company management are often reached here while circumventing the trade unions. At the same time a further organizational principle has frequently been broken in the new enterprises through the conclusion of so-called 'single union deals'. These agreements not only aggravated the intense, long-standing competition between several trade unions in the United Kingdom over the top position in the representative body within the enterprise, but all too often barely acceptable concessions were wrested from the trade unions in the course of negotiations and they have even been forced into the obligation of dispensing with strikes as a means of labour struggle. This, along with the attacks of the Conservative government since 1979, has

¹ In corporations with fewer than 2 000 employees there is equal representation on the board of directors, though the chairman appointed by the shareholders has two votes. In partnerships the employees may send representatives for a third of the seats on the board only in the case of 'companies with limited liability' (GmbH).

² Staff councils are the works councils in public services.

thus substantially weakened the enterprise basis of the trade unions.

Regional influence and autonomy

With regard to trade union anchoring, further common features among countries can be discerned besides the extraordinary strength. Under the pressure of the structural transformation in all regions, for example, a cooperative style of policy has increasingly come into being. This is not to say that the still profound differences between the Member States should be denied. Generally, greater emphasis was placed on confrontational forms of discussion in the Romance countries in the past than in North Rhine-Westphalia and northern England, for instance.

Nevertheless, in view of the dimensions of the problems, attempts to assert union demands through confrontation with the State and enterprises are becoming increasingly rare. The mutual balancing of interests and the will to enter into compromise develop into a central element of strategy even if its weighting still shows great differences between the respective regions. This reflects the realization that in view of the impact of structural crises, an improvement in a region's own situation is favoured through cooperative behaviour just because of the competition with other regions, thus making it possible to better utilize endogenous potential. The readiness to negotiate on the part of the trade unions, however, is primarily based on the knowledge of their own strength or its limits, and for this reason it is frequently underlined by means of measures of trade union struggle.

In North Rhine-Westphalia, the trade unions, especially in the coal and steel industry which is dominated by large enterprises, are characterized by a long tradition of social reform, by virtue of which compromises were repeatedly entered into with the company management. The origins date back to the last century and have to do with the paternalist corporate culture in the Ruhr area. Measures of trade union struggle primarily served as a means of exerting pressure in order to strengthen the union's negotiation position and were usually based on the respective negotiation solution striven for. Target groups of trade union

Table 3.13

The position of the trade unions in the region

Region	Degree of autonomy ¹	Social weight
Basque country	moderate	high
Liguria	moderate	low
Lorraine	low	low
Northern England	moderate	high
North Rhine-Westphalia	moderate	high

¹ This refers to the autonomy of the trade unions in the region in their entirety (federations and affiliated trade unions) in relation to the national umbrella organizations as well as all unions with political links.

policy included enterprises as well as government agencies, from the local level to the *Land* and up to the federal level.

In the other four regions, on the other hand, more confrontational relations with the enterprises prevailed for a long time. Nevertheless, a change also took place here. Under the pressure of existing conditions, some trade unions in northern England were more and more frequently willing to conclude so-called 'moratoriums' with enterprises willing to locate in the region. Japanese enterprises and on the trade union side the now merged trade unions of engineers and technicians AEU and of electricians EEPTU were forerunners of this policy. In the Basque country and Liguria the strategic reorientation manifested itself in the attempt to reach tripartite agreements in order to join together the various regional forces. In the Basque country an arbitration system ¹ was introduced in this context. The regional social pact striven for between the autonomous community, the enterprises and the trade unions failed in 1993, however. This indicates that the labour relations in the Basque country are still characterized by intense confrontation. However, the mere commencement of a tripartite dialogue is a remarkable sign in itself, even though only a few agreements were reached initially.

The situation in Liguria is different, on the other hand. In the numerous regional agreements, which usually included the State-owned enterprises in the region, the trade unions displayed their willingness to take into account overriding

factors, such as regional competitiveness, in their calculations. In Lorraine, the trend towards agreements with enterprises manifested itself to a lesser extent in a strategic reorientation of the individual trade unions. Of greater importance is the loss in relevance of the CGT, which had displayed a predominantly 'class struggle' attitude in the past. Particularly, the CFDT as the now strongest regional trade union indicates a readiness to reach a balance of interests by means of negotiation and to enter into a closer cooperation with the State, though independent responsibility is also assumed.

A further major common feature among the regions studied is based on the regional or local anchoring of the trade unions. In northern England and North Rhine-Westphalia trade union influence also manifests itself at the local level and is implemented via the tight interlinkage with the Social Democratic Party that usually sets the tone in the local governments in the Ruhr area and with the Labour Party in northern England. At the high point of the trade unions' influence in the 1960s, no important decision, especially in the cities of the Ruhr area, could be made without the approval of the trade unions. Similar mechanisms form the basis of the influence at the local level in northern England. Frequently trade union officials are, at the same time, leading officials of the Labour Party and exercise a mandate as such at the local level.

The Ligurian trade unions did not effect a shift towards regionalism until the 1980s, after the prevailing attempts at the time to assert their interests via national institutions and influence showed less and less success. They have thus developed into a force rooted in the region,

¹ Thus after the end of the Franco dictatorship an institution of industrial relations that was very common in other countries was introduced, though somewhat belatedly.

surpassing their traditional strength (Mania 1993). Furthermore, their influence has grown through the municipal government in Genoa, which was already traditionally communist or supported by the PDS as the succeeding organization. At the local level, the Basque trade unions possess similar influence in the industrial cities as in North Rhine-Westphalia, which is not achieved through especially close ties to the Socialist Party, however. By contrast, the regional anchoring is characterized by advocacy of an extension of regional autonomy rights and in some cases, of the extremely pronounced Basque nationalism. However, the trade unions are just as unable as the political parties to formulate a uniform standpoint on the Basque question.

Besides these common features, special characteristics that are of importance for trade union anchoring in the Basque country, northern England and North Rhine-Westphalia must be emphasized: the pronounced regional awareness in the Basque country is striking. The ELA, which prefers a significant strengthening of autonomy rights, and the LAB, which pursues more separatist goals, for example, represent two regional trade unions whose organizational region is restricted to the Basque country and which therefore display a strong regional orientation. The ELA alone organizes more employees than the UGT and the workers' commissions put together. In addition, works council elections reflect the dominance of the Basque national trade unions. Even among the workers' commissions regional aspects dominate. The ELA, LAB and CCOO, for example, count the autonomous community of Navarra as part of the Basque cultural region; they thus select historical factors as criteria for their organizational area and not the present administrative division of the country. The regional organization of the UGT, on the other hand, restricts itself to the region covered by the autonomous community of the Basque country. It is the only one of the four trade unions that does not define itself regionally. The UGT does advocate a strengthening of regional rights, but always places them in relation to the demands of overall Spanish development. The pronounced regional identification of ELA, LAB and CCOO is reflected, for example, in the demand to create an autonomous framework of labour relations that is relatively independent of Spain.

In the case of North Rhine-Westphalia, special emphasis must be placed on the well-developed, institutionalized participation and consultation structure of the trade unions. First of all, this structure is based on legal regulations, particularly the Works Council Constitution Act and the provisions regarding co-determination within the enterprise, which favour a relatively broad participation in corporate policy. The trade unions participate in decision-making in the local governments and in the *Land* in a formalized manner, such as in the employment office bodies, or informally, predominantly via their contacts with the SPD. In this context the trade unions have established numerous consulting organizations to increase their own specialized competence and to enable them to intervene in political and social processes more selectively. Worthy of mention here are the extensive network of trade union technology consulting centres, consulting institutions in the field of structural policy, as well as, in some cases, the institutionalized cooperation with universities in the region.

Despite its former outstanding strength, trade union influence in northern England has now dwindled considerably. This has basically come about for two reasons. First one must consider the continuous decline in membership. Although the decrease in the number of organized workers is less than in the other sections of the United Kingdom, this development has resulted in substantial weakening since the 1970s. The situation is further aggravated by the crisis-plagued social and economic development of the region and the growing pressure of the related problems. The social policy attitude of the trade unions in the 1980s was above all characterized by the hope for a political change in London in favour of the Labour Party, of whom a stronger commitment of the central government to the problem regions was expected. Against this background it is understandable that, in spite of the nominally great trade union power in northern England, various setbacks of a social and labour law nature had to be accepted given the constraint of the conditions. Nevertheless, it must not be forgotten that the trade unions in northern England still manage much better in organizing workers in the enterprises of the industrial sector as well as in the service sector; to date the north has probably had one of the highest degrees of trade union organization in the European Union.

3.7. Regional policy competence of the trade unions in the traditional industrial regions

The economic structural transformation accompanied by reductions in employment and company shutdowns as well as the changes in production flows and employment relationships discussed under the headings of 'deregulation' and 'flexibilization' have repeatedly led to bitter and long-lasting labour struggles, especially in the traditional industrial regions, since the 1970s. The strike actions of the British mine workers that lasted for several years, the labour struggles of the steel workers in Rheinhausen, the militant conflicts in the steel locations of Lorraine, the Basque country and Liguria attracted international attention. They illustrated how much the problems of 'declining industry' dominated the large- and small-scale labour conflicts and trade union practice over the past decade. There were also the conflicts in the traditional sectors, in which, as shown clearly by the example of the British case, not only the fate of individual trade union branches was at stake, but also that of the entire trade union movement and its rights.¹

But no matter how self-evident it is to perceive the traditional industrial regions as strongholds of trade union power, it is still new that these regions are becoming target groups for industry-wide structural and economic policy demands of the trade unions, i.e. including the entire regional territory, and the preparation of appropriate

strategies and guiding principles is taken for granted as being a sphere of trade union responsibility. This shortcoming is especially striking in the industrial regions, though the necessity of developing independent regional and structural policy concepts of social and economic transformation appears particularly urgent here. Thus the trade unions are not only interested in securing employment, industrial locations and developing new perspectives but also in their own future as relevant and influential social actors.

Forms of trade union participation in the traditional industrial regions

Although there are similar constellations of economic, social and, not least of all, ecological problems in the traditional industrial regions, the forms and opportunities of trade union participation in the region are characterized by very different basic institutional and political conditions locally.

The most unfavourable institutional prerequisites can undoubtedly be found in northern England. The trade unions there virtually lack any starting points and target groups for their demands due to the absence of political competences and resources at the regional level. The above-average institutional presence in comparison with the other English regions and the great influence on the policy of the Labour Party underlines the still considerable political weight of northern England's trade unions in the public life of the region.

¹ The British miners' strike in 1984 coincided with the political campaign of the Conservative government against, in their opinion, the 'excessive trade union rights' and with the legal reforms derived from this view that severely curtailed the enterprise-level and collective bargaining rights of the trade unions.

At the same time, however, and in connection with the lack of power on the part of regional institutions, participation is restricted primarily to the commitment of individual trade union representatives. Feedback or coordination with the regional TUC does not usually take place. In contrast to the obvious regionalization tendencies in the other Member States, the basic conditions of regional trade union participation have even worsened further against the background of centralization tendencies, in British policy in the course of the 1980s.

Thus trade union participation is not provided for in the local development bodies and corresponding projects (the Urban Development Corporations or the Free Enterprise Zones) set up by the Conservative government. In addition, the internal conditions for an active regional involvement of the trade unions in the United Kingdom and northern England have become worse. In recent years, only the largest trade unions still possessed the financial scope to carry out regional initiatives and even their readiness has dropped. The most recent developments even indicate that the low level of regional autonomy of northern England's trade unions will be further limited. The merger of northern England's section of the transport workers' union TGWU with the neighbouring organization in Yorkshire, the transfer of the TUC north office to Leeds, the closing of the regional education centre and the transfer of other trade union activities to the neighbouring region indicate such a loss of influence.

The participation opportunities of the Ligurian trade unions cannot be assessed so completely as in the case of northern England but are similarly deficient. Up to the mid-1980s decision-making power regarding industrial policy and the State-owned enterprises was primarily entrusted at the national level and, depending on the subject of negotiation, either the central government, the respective ministry or the representative organization of the State-owned industries — Intersind — became the negotiating party for the trade unions. They were able to exercise their influence in this field predominantly via general sectoral agreements or special agreements for crisis-plagued sectors. The regional strategy primarily consisted of formulating the regional needs and

demands in relation to the national level. Only in recent years has the region as an independent field of action gained importance in the course of the diminishing weight of state-owned industry and sector-specific economic planning. The increase in regional activities and the related process of regionalization of the Ligurian trade unions reach their first and, at the same time, most important limit in the restricted opportunities for participation in and influence on regional institutions.

The regional government possesses only severely limited competences and low funding for an independent economic and structural policy. Moreover, the deficits in the planning and decision-making capacity of the institutions in Liguria have an extremely negative effect on the opportunities for effective participation of the trade unions in the region.

The situation in the case of Lorraine presents a somewhat better picture, particularly since implementation of the French regionalization policy. Numerous development measures and support programmes exist that had originally come into being as a consequence of the active involvement of the central State in view of the structural crises in areas of declining industry. Approaches to the formulation of the trade unions' own ideas continue to result from the work of the Economic and Social Committee in Lorraine (Comité Économique et Sociale de Lorraine). The trade unions are also involved in the drawing up of the two previous regional plans within this framework. Trade union representatives are in the management and consulting bodies of the Pôle européen de développement already mentioned. However, here again the scope for exerting influence meets its limits, first of all, in the usually consultative character and, secondly, in the fact that the regional institutions possess only limited economic and structural policy competences and few funds. In general, it is true today that particularly the CFDT in Lorraine makes use of the existing opportunities of participation and consultation in order to exert influence on the social shaping and social protection of the economic structural transformation. In contrast, the CGT is still a long way off taking advantage of these opportunities for political and ideological reasons and utilizes its presence in regional institutions primarily as an opportunity for articulating protest.

Far better opportunities for participation are offered to the trade unions in the two regions that are comparatively most strongly anchored in the constitution and have the greatest competence: the Basque country and North Rhine-Westphalia.

In addition to a whole range of public institutions in which the Basque trade unions are represented,¹ special emphasis must be placed on the public industrial policy bodies. These consulting bodies, above all the industrial policy committee and the consulting committee of the 3-R Plan that existed from 1991 to 1992, are of a purely consultative nature and without industrial or labour-market policy competences, however. Because of the great differences that exist between the regional government and the trade unions, particularly regarding the question of modernization of the industrial base of the Basque country, the latter have considerably restricted their participation and today demand a reform and extension of competences of the regional economic and development bodies.

Against the background of the regional structural and economic policy of the government in North Rhine-Westphalia, which expressly provides for participation of the social partners, a wide variety of trade union options exist for articulation, participation and exerting influence, both at the *Land* level and in local bodies in which the trade unions are incorporated into the government policy of the *Land*, primarily through the DGB. In this context there can be mentioned, for example, the presence of the trade unions in the advisory councils and supervisory bodies of *Land*-wide institutions,² participation in the formulation of guidelines of regional economic support, their participation in the work of the five district planning councils and of the association of local authorities in the Ruhr area and finally their presence in the self-administration bodies of the employment offices and vocational training committees of the chambers of commerce and craft trades. Since 1989, the most important form of trade

union participation has undoubtedly been their participation within the framework of the regionalized structural policy of the *Land*. The participation of the trade unions in the Initiative for the future of the regions of North Rhine-Westphalia (ZIN) (see Section 3.5) and the subsequent formulation of regional development concepts brought about a significant expansion of participative opportunities. The DGB, for example, is represented in all 15 ZIN regional conferences of the *Land* and has representatives in the executive bodies of most of them. Regionalized structural policy has also posed new problems related to trade union participation, however. The limited capacities of the DGB district divisions in comparison with the local governments and chambers of commerce can be filled by the existing trade union consulting agencies³ only to a partial degree. Moreover, it has not been possible to include the affiliated unions to an adequate extent. This problem indicates the great difficulty for the trade unions to couple regional development objectives with sector-related perspectives in the practical participation work, too.

Programmes and projects for individual policy fields

Industrial structural transformation and regional economic policy

As already mentioned, the trade unions had great difficulties in the past, especially in the traditional industrial regions, in reacting to the economic structural transformation not only with defensive struggles and the demand for secure locations and jobs, but in going beyond that to develop concepts and practical objectives involving socio-economic restructuring and modernization of the regional economy. This applies without qualification to all regions studied up to the 1980s and is still characteristic of the profile of trade union practice in the Romance regions. Thus far the Ligurian, Basque and Lorraine trade unions have only started to move away from a defensive position and attempted to work up regional economic and industrial policy strategies that view the

¹ For example, the Basque statistical office, the commission for monitoring public building projects, the social committee of the university, the school supervisory authority and the employment office (INEM).

² For example, the Centre for Innovation and Technology (ZENIT), the board of directors of the State Development Corporation, the advisory council for public matters of the Westdeutsche Landesbank and the steering committee of the international building exhibition in Emscherpark.

³ Of importance here is the cooperation with the development agency for labour-oriented structural policy (EfaS), which was set up at the initiative of the North Rhine-Westphalian DGB in 1990 and is financed by the trade union's Hans-Böckler Stiftung and the government of the *Land*.

crisis of the traditional sectors as an important element but not as the *raison d'être* of all regional policy efforts.

The trade union responses to the crises in declining industries and the structural transformation in Lorraine were extremely different after the initial experience with unsuccessful defensive struggles. While the CGT continued to take a rather uncompromising line and still viewed the preservation of jobs as the most important objective of regional strategy, the CFDT began to move towards a strategy of social guarantees for conversion measures. The aim here is to negotiate the most favourable transitional arrangements, compensation schemes and reintegration aid possible. This change in strategy was very controversial within the CFDT and was pushed through by the local organization in Longwy against the Paris headquarters.

Similarly to the case of Lorraine, the crises in declining industrial sectors in Liguria have also influenced the behaviour of the regional trade union organizations. Since negotiations were conducted at sectoral level with the government in Rome as the most important industrial policy actor, who was additionally one of the major industrial employers in the region, the regional bodies of the trade union federations hardly performed more than a lobby function with respect to their national headquarters in Rome. The main task was to secure the largest possible piece of the subsidy and investment pie for Liguria. With the onset of the crisis in the major industrial sectors of the region and a dwindling subsidy sum, however, this model of sectoral planning ended up in a blind alley in the mid-1980s. At the same time the enterprise level of collective negotiations, which had previously hardly played any role at all in Italy, became increasingly important. Against this background the Ligurian trade union organizations underwent a process of rethinking which was designated as a 'turn-around towards regionalism' (Ranieri (1993)). On the basis of structural and regional policy, enterprise-related and, not least of all, ecological considerations, the trade unions today orient themselves more and more to the problems of the entire region (and not only to specific sectors). The region is regarded as an economic resource whose overall condition determines whether jobs can be secured and created on a permanent basis. Even since

these reorientations, however, the trade unions have continued to lack a general concept for economic and ecological structural transformation. With subprogrammes for the crisis sectors (steel, shipbuilding, chemical industry, energy sector) and the reformulation of a strategy for the State-owned sectors, the Ligurian trade unions are aiming at a regeneration of the industrial base and a link-up to the economic role that Liguria once played along with the other north-western regions of the so-called 'industrial triangle'.

The trade unions in northern England are also still beginning to develop regional economic and industrial policy programmes. To date, however, they have failed to show active commitment to a regionalization in British policy that would have to include economic and structural policy. Today the TUC and major affiliated unions support the demand for an institutional upgrading of the planning regions. However, the reasons are more of a political nature than coming from a realization of the necessity of an economic policy strategy of renewal in the traditional industrial regions. Except for sector-specific proposals, trade union contributions to the economic and industrial rehabilitation of the north-east have not been developed to date, either by the regional TUC or by the large affiliated unions. In view of this deficit, the most pioneering contributions to the regional and structural policy debate in recent years have been formulated by trade union grass-roots organizations and relatively independent institutions like the union research institute, Trade Union Studies Information Unit (TUSIU). Alternative concepts for the structural transformation and for the securing of employment were worked out in the past, particularly in the energy sector, shipbuilding and heavy-duty machine production. These activities were supported only to a restricted extent by the regional trade unions, however, which possess neither the resources nor the political influence to formulate, much less implement something like a regional strategy of renewal for northern England.

While the trade unions in the regions described thus far are either still beginning to formulate their own economic and industrial policy concepts for the future or, as in the case of northern England, still lack the prerequisites to do so, it can be said in the case of the Basque country and North Rhine-Westphalia that this very field of work has

become an important issue in trade union practice, and for very different reasons.

In the Basque country, the crisis in the declining industrial sectors in recent years has led to the development of joint industrial policy demands being drawn up by the large workers' commissions and the ELA within a joint industrial policy programme (Gobierno Vasco (1991)). One of these demands is for the expansion of the public enterprise sector as the motor of economic and industrial rehabilitation in the region. Special priority continues to be given to preservation of basic Basque industries (iron and steel, shipyards). It is also remarkable that, from the point of view of the two Basque nationalist trade unions and of the workers' commissions themselves, the issue of basic legal conditions regarding labour relations should no longer be omitted if the economic future of the region is to be reshaped. It becomes evident here that the regional policy concepts of the two Basque federations of trade unions go far beyond the scope of economic and structural policy and are more a logical consequence of autonomy demands than a result of the search for the most efficient and, from the point of view of the trade unions, most advantageous ways possible of getting out of the crisis characteristic of a traditional industrial region.

The extensive participation rights and opportunities for exerting influence outlined above as well as the comparatively great correspondence with the economic policy aims of the government of the *Land* (see Section 3.6) must be regarded as a reason why the trade unions in North Rhine-Westphalia have definitely made the greatest efforts to develop their own economic and structural policy concepts for the region and are today one of the forerunners of union regional policy commitment nationwide.

As regards its content, the regional policy programme of the North Rhine-Westphalian trade unions is aimed at shaping the structural transformation and the 'dynamic development' of existing sectoral and regional economic structures in a socially and environmentally compatible manner (Hockel (1989)): production innovations and diversification in the existing enterprises are to create employment in coordination with the improvement of regional training structures and

infrastructures. Prerequisites for this linking of regional and sectoral policy include sound regional structural analyses and action programmes or development concepts that should, in turn, be supplemented by an active industrial policy.

Labour-market and training

Although training deficiencies represent a special problem, especially in the traditional industrial regions, and an active labour-market policy is a fixed element in trade union economic policy demands today, only in North Rhine-Westphalia has the concept of a foresighted and preventive labour-market policy been developed by the trade unions to date (see Bosch *et al.* (1987)). The idea here is to link regional structural and sectoral development to matching training programmes for people who are still engaged in working life in order to prevent unemployment.

In the other regions the focus of trade union efforts and demands is clearly placed on securing employment, securing social guarantees for employees in the case of company closures as well as on vocational and further training.

An illustrative example is the case of Lorraine. Securing social guarantees for unemployed workers after company shutdowns and the improvement of the low qualification standards of the workers in Lorraine were the main motivational factors that led the CFDT, in particular, to develop a regional policy commitment in the mid-1980s and to participate in the development of compensation schemes from then on. It can also be definitely attributed to the commitment of the trade unions that special importance was attached to the aspect of training and vocational training in Lorraine's two regional plans; this importance is financially reflected in the fact that this item makes up roughly half of the total budget in both plans.

In view of the high unemployment rates, it is not surprising that the creation and preservation of jobs are right at the top of the list of priorities of the trade unions in the Basque country. In this connection, the Basque trade unions demand transfer of the employment office (INEM) as well as of most of the labour-market policy

competences of the central government to the Basque government. Another demand is the setting up of a Basque institute for work and training. From the point of view of the trade unions, the role of the central government in Madrid is to be limited to the provision of the necessary funds.

In Liguria, too, labour-market and training policy represents a major area of regional trade union policy. The negotiation counterpart is primarily the region, to which a number of important competences are allocated in this field (see Section 3.5). To date the trade unions have concentrated on expansion of their institutional participation options as well as improvement of the regional legislation and provisions, whose fragmentation makes integrated shaping urgently necessary. The focus of trade union attention, however, is on improvements in the field of vocational training. In this connection the trade unions along with the employers are involved in the regional employment commission and are attempting in this way to influence the regional plans in the field of employment policy accordingly.

Technology policy

In all regions studied, the trade unions accept the necessity of technological modernization today as a prerequisite for improving regional competitiveness. Up to now, however, they have taken few steps in going over to exerting direct influence on the content and directions of the technological transformation and application of new technologies.

An example of the latter is the case of North Rhine-Westphalia: the technological policy concept of the region's trade unions emphasizes the dual nature of technological modernization. Firstly, technology is the central element of an innovation strategy and thus of the industrial development of existing enterprises, particularly in view of the innovation deficits in the traditional sectors. Secondly, the use of technology changes the working world, thus making a socially compatible development of technology necessary. The trade unions view the intensive expansion of the technological infrastructure pursued by the North Rhine-Westphalian government via technology centres with a sceptical eye (see Development Agency for Labour-Oriented Structural Policy

(1992)). Although they welcome the decentralization of technological policy initiatives, they point out at the same time that the innovation shortcomings in the region are not based on a lack of research potential but on inadequate entrepreneurial innovative activity. Therefore, the connections between such centres and the regional enterprises are crucial. The North Rhine-Westphalian trade unions developed their own initiatives in this problem field in 1981 when they set up their own technology consulting office (TBS) in Oberhausen, which has been followed by five others in other parts of the land since then. The work carried out by the TBS is aimed at shaping the application of technology by enterprises in a socially compatible manner by providing training for works and staff councils in individual consulting sessions at the enterprise.

In the other regions, by contrast, the trade unions are still much farther away from having independent concepts. Even their own initiatives or projects like the technology consulting offices of the North Rhine-Westphalian trade unions have not been developed to date. The Basque trade unions, for example, have underlined the importance of technology in their programmes, but no concrete demands have been derived from this as yet. Technological policy activities are always advocated by the trade unions whenever they are not connected with reduction of jobs. This connection also applies to the employee organizations in Lorraine, where the CFDT shows a much more open attitude towards the new technologies and technological innovation than the CGT. The socialist federation of trade unions views the long-term development of high technology in the region as a means of raising the level of qualifications of employees and improving the quality of production and work.

The Ligurian trade unions today also see the utilization of technological research and development potential as a central requirement for improving the competitiveness of regional enterprises and at the same time improving the quality of life and of the environment in the region. The technology park in western Genoa is a concrete project which has been developed with trade union participation and is to stretch beyond the French border in the form of a *route des hautes technologies*. In this connection, the trade unions

are attempting to push forward integration or coordination of enterprises and research and development institutions that have not been networked thus far (OSE (1990)).

Environmental protection policy

Although environmental protection and ecology have become standard elements in trade union programmes today, it is striking that particularly in the traditional industrial regions, where environmental problems and ecological destruction represent a very urgent problem, the trade unions have shown little initiative in this field to date and have made few corresponding efforts.

This is especially obvious in the case of the Basque and Lorraine trade unions, which have not developed any concrete concepts in this field apart from a programmatic advocacy of the concept of sustainable development. The case of Liguria can also be regarded as a good example in this respect. The trade unions do admit today that sectors causing a high level of pollution cannot be viewed as having a promising future for ecological reasons and therefore no production that damages the environment should be defended. To date, however, there has been a lack of independent concepts for an ecologically balanced economic and structural policy and for influencing the structural transformation in accordance with ecological considerations.

The trade unions in North Rhine-Westphalia attach the greatest importance to ecological shaping of the structural transformation, at least at the conceptual level. According to their environmental policy concept, ecological measures should be implemented in many areas of economic and structural policy as supplementary actions. This orientation can also be found in the programme of qualitative growth, as adopted by the DGB.¹ The aim of the trade unions is to achieve a comprehensive 'ecologization of production' that is to be brought about by, for example, shaping production processes in an environmentally sound

¹ In 1985, the DGB proposed a nationwide investment and action programme, environmental protection and qualitative growth' which still forms the focal point of trade union regional policy.

manner or supporting environmental technologies as a possible future market for North Rhine-Westphalian industry. In the area of transport policy the trade unions demand expansion of local public transport and a transfer of goods shipments to rail and inland shipping. Finally, energy policy is of great relevance in the energy region of North Rhine-Westphalia. Here trade union demands include a coal priority policy instead of promotion of nuclear power, expansion of district heating networks as well as research and development in the field of decentralized energy supply.

Strategies for formulating and implementing alternative trade union concepts

At the very beginning, it was pointed out that, especially since the 1970s, the crises in the sectors that are vital to the traditional industrial regions have led to many labour conflicts and other social protest actions that were often characterized by great militancy and a high social capacity for mobilization on the part of the local and regional population. The fact that these spectacular and frequently desperate protests are by no means a thing of the past is made clear, for example, by trade union actions to preserve the largest Basque steel corporation, Altos Homos, with which they expressed their protest against national and European steel policy in Madrid and Brussels at the beginning of the 1990s.

The struggles on the part of the trade unions for preservation and securing of employment in the traditional branches of industry were only successful in rare cases, however. Usually mass redundancies could not be avoided and, at best, they ended in the drawing up of compensation schemes and other measures for socially cushioning unemployment. The trade unions could not check the shrinking process in their former strongholds and, as a rule, do not possess the organizational strength to carry out large-scale labour struggles today. Striking examples include the declining importance of the NUM miners' union in northern England or of the CGT in Lorraine.

In all regions studied the trade unions had to admit that the demand for maintaining existing industry is not enough to overcome the regional economic crises and that great emphasis has to be placed on the aspect of active shaping of the economic structural transformation at the sectoral level as well as at the level of the whole economy. At the same time, the bitter defeats in the struggles for securing jobs led to the realization that the trade unions themselves had to become more involved with the task of developing alternative employment options and a foresighted labour-market policy. And today the trade unions also attach far more importance to the issue of regional competitiveness in connection with sustainable securing of jobs than was the case in the past. At the same time they were forced to include fields of action in their strategies that went beyond the individual enterprise and to focus more intensively on the entire regional economy and its structural shortcomings and problems.

In general, three strategic areas of regional structural policy commitment in which trade unions are actively involved can be distinguished today:

- Company policy strategies still influence trade union practice, particularly in the traditional industrial regions. In addition to attempts to prevent mass redundancies, concepts for the development of alternative production and employment opportunities have become increasingly important, for example in the form of employment organizations.
- Sector-specific strategies and initiatives for the regionally important branches of industry have also gained significance. The trade unions formulate in this connection sectoral development and shaping concepts, demand regional employment programmes and similar public interventions for the regeneration of threatened sectors.
- Finally, the area of regional and structural policy participation and intervention represents a third field of the trade unions' strategy. The concepts developed in this field range from the demand for regional development agencies and economic and social councils to the extension of regional economic and social policy competence.

The North Rhine-Westphalian trade unions have definitely implemented the change in strategy from a primarily enterprise-oriented 'preservation of existing structures' to 'development of existing structures', i.e. of the regional economic structure, most markedly. They have placed the focus of their regional policy involvement on these two aspects and have also developed their own approaches and projects. The forerunner for programmes and concepts that are based on the specific structural problems in North Rhine-Westphalia and the Ruhr area was IG Metall, whose members were particularly hard hit by the structural transformation. In the second half of the 1980s, the metalworkers' union developed concrete projects for coping with the structural transformation, primarily the research project 'Structural transformation and employment initiatives of the metal industry on the Ruhr', and formulated the basic principles of the concept of 'sector- and enterprise-based development of existing structures' for the metal industry.

Through the already mentioned Innovation and coordination office for the metal industry on the Ruhr (IKS), a practical instrument was created to shape the structural transformation, especially in the steel sector. The trade unions in North Rhine-Westphalia have in recent years developed and put into practice a network of labour-oriented consulting institutions offering technological, innovation-related and structural consultation, not only in this area but also in other fields.

In the other regions included in this study, enterprise-related aspects are the focal points of trade union strategies and of the corresponding lists of demands. Here again, however, there are differences connected with the stage of advancement of the economic structural transformation. The Basque trade unions, for example, vehemently advocate a re-industrialization of the country in the traditional regions and would prefer to implement this by means of a large public sector controlled by the Basque government. The search for alternative production and employment opportunities, on the other hand, still plays a minor role.

In view of the advanced stage of economic transformation in Liguria and northern England, similar demands are no longer put forward by the trade unions there. Rather, they advocate securing the

remaining industrial core areas, working out new industrial development perspectives and, to an increasing extent, a strengthening of the competitiveness of regional enterprises, since the times of public subsidies and nationalization are presumably over in both cases. In both regions the trade unions have carried out sector-specific analyses and drawn up appropriate development concepts in this connection. In Liguria, the focus was on the development of trade union strategies for the public sector and proposals for the rehabilitation of the Ligurian port economies as well as on working out action guidelines for the traditional sectors and sunrise industries.

In northern England, too, analyses and alternative development scenarios in the especially hard hit sectors (shipbuilding, heavy-duty machine production, coal mining) were the focal points of trade union strategy debates. The trade unions have prepared more determined proposals, primarily with regard to regional energy policy and restructuring of the energy sector. Furthermore, in view of the continuing profound social and economic crisis in the region and the disillusionment over the neo-liberal economic strategy of the 1980s within the trade unions, a readiness to follow the example of the neighbouring Scottish TUC and develop an alternative economic policy strategy in cooperation with regional actors and academic institutions has become noticeable recently.

Finally, after the bitter defeats of the past in the case of Lorraine, at least the CFDT today affirms the necessity of strengthening regional competitiveness and of modernization of the traditional industries. The focal points of CFDT include the preservation of employment, diversification of the industrial base and social shaping of technological innovation processes. As has already been made clear, a whole range of options exist in this

area for the trade unions to incorporate their concepts into an employment-oriented shaping of the structural transformation. More far-reaching union initiatives have not been developed to date, however.

In summarizing the regional programmes and projects described, it becomes evident that only initial steps have been taken in developing alternative trade union concepts for the traditional industrial regions. The North Rhine-Westphalian trade unions have probably worked out the most detailed regional development concept in this comparison in the form of the concepts on 'dynamic development of existing production potential' and their ideas regarding a 'qualitative growth' concept taking into account ecological considerations.

On the basis of external as well as internal circumstances within the trade unions in the other regions compared in this study, the latter are generally further away from such a regionally specific formulation of development concepts than in the case of North Rhine-Westphalia. Alternative development concepts that go beyond individual sectors or policy fields exist only in preliminary form. The efforts of the Ligurian trade unions, for example, point in this direction when they attempt to put new life into the innovative traditions of the old industrial triangle of north-western Italy through greater trade union cooperation. In the other regions, the trade unions still appear to rely on the central State to open up new development perspectives. This applies, interestingly enough, to the Basque trade unions when they demand greater economic policy autonomy rights from the central government in Madrid and at the same time emphasize the responsibility of Madrid and Brussels to solve the enormous structural problems of Basque industry.

3.8. Summary

The relative homogeneity of the social and economic characteristics of the traditional industrial type of region within the European Union is striking, especially in comparison with the structurally weak regions. The extremely great dependence on a few key industries, particularly the coal and steel industry, the orientation to large companies, the high density of State-owned enterprises as well as the historical economic development cycle of upswing, prosperity, stagnation and decline, which is closely linked to the importance of traditional industries, are central characteristic features of traditional industrial regions and of the currently still applicable regional policy challenges. In past decades these regions have increasingly become the object of economic policy control experiments on the part of the regional, national and European governments which, however, have had very different effects in view of the differing basic conditions.

Despite these remarkable common features in the economic structures and economic history as compared to the two other types of region, an analysis of recent economic development pointed out some characteristic differences. Two relatively clearly definable types of modernization were identified in the attempts to cope with the challenge of industrial structural transformation, which had been in progress for two decades. On the one hand, a pattern of neo-liberal modernization was found, similar to that pursued in Anglo-Saxon countries and regions as well as in southern Europe. Here the structural transformation and resulting adjustment in regional industries were left to the forces of the free market with, in some cases, extremely high consequential

employment policy and other social costs. Particularly in the case of the traditional French and German regions examined, a rather integration-oriented type of modernization emerged which carries out very necessary rationalization measures but attempts to cushion the related decline in employment by providing alternative job opportunities and social compensation plans and which attaches far greater importance to the aspect of social peace. In connection with this, an attempt is made to prevent the creation of dual economic structures and of a polarized society by utilizing the traditional endogenous production and employment potential.

An analysis of the socio-economic and political-institutional framework also shows that the regions examined are characterized not only by many common features but also by special features and differences — special mention can be made of the regional political culture and identity characterized strongly by the workers' movement in addition to the problems and special features resulting from the focus on heavy industry (labour-market problems, high degree of urbanization, ecological problems). This applies in particular to the current economic and political weight of the respective region on a national as well as international scale which shows great differences.

The size as well as the economic-geographic peripheral or central location within the European Union, due to which quite large differences emerge between the regions, seems to be of great significance for future economic development perspectives. This study as well as the case

studies on which it is based came to the conclusion that comparatively great differences exist in this connection between the regions. Whereas, for example, North Rhine-Westphalia, Lorraine and also Liguria can be counted among the economically strong and dynamic industrial regions of the Union, other traditional industrial regions are often threatened with relegation to the group of structurally weak regions because of their unfavourable peripheral location.

As is well-known, the traditional industrial regions number among the classic target groups of regional economic and structural policy. Results of a study of this policy field not only showed parallels in regional policy (preservation of existing industry, modernization of existing locations) but also comparatively large differences between the two types of regeneration and the related instruments and structural policy measures. While the more integration-oriented type of regeneration is strongly based on maintaining regional policy measures and increasingly entrusts their conception to regional and sub-regional bodies, the neo-liberal type is far more centralistically oriented and attaches hardly any importance to regional participation.

Trade union responses in the traditional industrial regions

These differences have an effect on the trade unions' ability to influence the structural transformation and economic development. The traditional industrial regions are still strongholds of union organization and negotiating power since it was in the coal, iron and steel processing industries, shipbuilding and other sectors of heavy-duty machine production, for example, that the European workers' and trade union movement was born. And it was in the five regions examined here that the national trade union organizations also had perhaps their most important bases of power and organizational backing, with the help of which they were then able to push through their demands at the national political level.

If one compares traditional industrial regions with the other types of region studied, the most

favourable prerequisites in general for trade union efforts and exertion of influence on economic, social and political development can certainly be found there. Workers' organizations not only continue to have their strongest membership bases and thus negotiating power there, but in most cases act within a political environment that is well-disposed to them. In spite of these relatively favourable initial conditions and established power, they have had very similar problems in these regions, too, such as in organizationally coping with the economic structural transformation or working out long-term perspectives of regional economic development.

An analysis of trade union regional policy, however, indicated the continued predominance of strategies aimed at preservation of existing industry. Trade union practice is still characterized by company policy strategies and resistance against company shutdowns and redundancies, particularly in the traditional industrial regions. Only recently has more importance been attached to attempts that go beyond mere preservation of existing industry and are aimed at opening up alternative methods of production and employment opportunities, such as employment associations. The trade unions additionally developed sector-specific strategies and initiatives for regionally important branches of industry. Finally, the area of regional and structural policy participation and intervention was given a new dimension, especially in regions where an integration-oriented type of regeneration was advocated. The experience of the trade unions in North Rhine-Westphalia with the regionalized structural policy of the State government, which brought a wide spectrum of new tasks, merits special mention in this connection. The concepts developed by the trade unions in this area range from the demand for regional development agencies and economic and social committees to the extension of regional economic and social policy competence.

In only a few cases, however, have the trade unions initiated the necessary change in strategy away from mere company-oriented 'preservation of existing industry' to 'development of existing industry'. Aided by the policy of the regional government, trade unions in North Rhine-Westphalia have undertaken the greatest efforts

in this direction. In the other regions studied here the focus of union strategies and of the corresponding lists of demands is still on company policy aspects. There were also differences, however, which were particularly related to the advanced stage of the economic structural transformation.

In summarizing the regional programmes and projects that the trade unions have developed in

traditional industrial regions, it becomes obvious that alternative union concepts have been developed only to a small degree. Because of external as well as internal circumstances, the trade unions in the regions compared are still far from arriving at a regional-specific formulation of alternative development concepts. Alternative development concepts going beyond individual sectors or policy fields exist only in preliminary form.

4. PROSPEROUS REGIONS AND THE TRADE UNIONS

4.1. The profile of prosperous regions in the Union

The prosperous regions in the European Union have a substantial development lead that most of them have held since the early industrialization of their country. This lead is predominantly based on potentials that already existed in the region and which were subsequently developed further. In the course of their economic history, these regions succeeded in continuously adapting to changing market conditions and in bolstering their leadership. This positive historical experience alone is reason enough to forecast good prospects for this type of region in the future.

The term 'prosperity' refers to the degree of wealth and the high standard of living of the population in these regions; the statistics show a high per capita domestic product and a low unemployment rate. Economic success is documented by other indices of prosperity as well, such as the consumption of durable consumer goods, or social security expenditure. The favourable economic position of these regions is shown not only by the level of development already achieved; another feature of this regional type is the above-average dynamic growth of their regional economies, seen in the high growth rates of their domestic product — disregarding for the moment any fluctuations as a result of macro-economic trends. This growth is due primarily to the dominance of modern and rapidly growing sectors within the regional economy. Given the increasing severity of interregional competition, this dynamic growth can only be retained through permanent structural change. If this fails to occur, or if structural renewal stagnates, then regional prosperity is quickly threatened.

The environmental limits to economic success are becoming increasingly visible in the prosperous regions as well. One consequence of intensive industrial production is serious environmental degradation, which is increasingly perceived as wealth-reducing. There is a growing awareness that environmental soundness can only be achieved through fundamental reshaping of production and the economy. The prosperous regions are therefore focusing their efforts on locating environmental technologies as well, in the hope that these will contribute as lucrative 'markets of the future' to a more harmonious relationship between economy and ecology.

Success factors

The prosperous regions in the Union demonstrate a number of common features of economic success, but these are ideal-typical to the extent that they can assume very different forms in the specific regions concerned. The prosperity of one region must always be seen in connection with the general state of development of the respective country. However, the following set of features are typical for the prosperous regions:

- good resources and other factors,
- differentiated sectoral mix,
- institutional flexibility and capacity to adapt,
- openness and internationality, and
- favourable geographical location.

During the 'take-off' phase, the economic success of a region was based above all on natural production factors such as energy resources or raw materials, and the existence of an adequate supply of sufficiently skilled labour. These 'hard' location factors play a much less significant role today on account of lower transportation costs and the internationalization of commodity markets, although good infrastructure continues to be one of the decisive determinants of development.

The capital- and technology-intensive form of production characteristic for this type of region places higher and higher demands on the qualifications and skill profiles of employees. The 'human capital' factor is therefore acquiring importance as a crucial determinant of regional development. Companies, but also regional political actors, are becoming increasingly aware of this, and tend as a result to be especially active in the field of education and training.

The prosperous regions also manifest a differentiated sectoral mix. There is a balanced mixture of medium-sized companies and large corporations, whereby the proportion of capital from the region itself is relatively high. At the same time, the prosperous regions are specialized economies in which few production fields, including all the functions for development, manufacture and marketing of these products form the core basis of the economy. This interplay of specialization and differentiation, referred to as production 'clusters' by Porter (1990), combined with complementary public infrastructures, forms the foundation for manifold options for inter-company cooperation and thus a regional economic structure that can adapt flexibly to global changes. Because of this flexibility, the prosperous regions are endowed with an economic structure that is relatively resilient to crisis.

The success of the prosperous regions is also a product of the institutional flexibility of the regional society. Even in periods of crisis, they are better than other areas at adapting to new economic conditions. This adaptive capacity is a result not only of innovative entrepreneurship, but is also generated by the region enjoying a social climate based on partnership. In contrast to other regional types, the prosperous regions are therefore characterized by a strong capacity on the

part of regional interests to join together. Regional cohesion is often reinforced by consciously resorting to regional history, in which the regional society is interpreted as a 'successful community'. However, many also see themselves as forming a 'community of fate', whose economic success is reduced by the dominance of the respective national capitals. In some cases, these regions also exemplify egoistic tendencies as a result of their wealth and prosperity, tendencies which act as centrifugal forces within the national system. On the other hand, it is often the elites in the prosperous regions who determine the political fate of their respective countries.

In general, the prosperous regions are societies which demonstrate a particularly high degree of international openness. They are the 'gateways' of their States through which information and technological innovations pass. Their above-average participation in international trade mostly leads to surpluses in the regional balance of trade. They are open economies competing for market shares against the other dynamic economic zones of the world — especially on new growth markets. It is precisely these competitive regions that play the decisive role in the so-called triangle of competition between America, Europe and Japan.

The notion of a region's prosperity, derived above all from the national context, is qualified through a Europe-wide comparison. The regions within the Union which have the most powerful development are generally situated in the western part of the continent on a development band sweeping from London to Brussels, the Ruhr area and Munich to Milan and Grenoble. Favourable growth prospects are also forecast for the regions adjoining this central development axis in Europe. One example is the Mediterranean 'sun belt', which is forecast to become a kind of European California on account of its wealth of 'soft' locational factors.

Most studies on the regional impact of the European single market assume that the prosperous regions will be favoured to a greater extent than other areas by the process of European integration. A 'tendency towards the centre' (Zimmermann (1991)) of the European space can be discerned, through which the disparities, i.e. the gradient between the centre and the periphery,

would be further aggravated. Centrally located regions can then exploit their agglomeration benefits better and will tend to be favoured more than other areas by economic integration in Europe.

Migration and regional labour-markets

The prosperous regions traditionally show a constant growth in population as a result of the in-migration of labour. Regional prosperity attracts people who live in less-developed areas and who hope to achieve a higher standard of living by moving elsewhere. In the 1950s and 1960s growth phase, labour-markets in the economically powerful regions had a substantial surplus demand, so that heavily encouraged labour migration favoured the development of these areas still further. In the south of Europe, migrants came from the less-developed parts of the country, the negative effects of out-migration being partially offset by transfers of income back home. In this way, the weaker regions also profited at least indirectly from the economic success of the prosperous regions. In the highly industrialized areas in the north-west of Europe, foreign workers were deliberately recruited, for example through the German or Swiss system of 'guest workers', because the national supply of labour was not sufficient to meet increased demand. This in-migration of skilled labour, the converse of the 'brain drain' from the structurally weak regions, continues to favour the prosperous regions to this day.

The labour-markets in the economically stronger regions are currently less able to absorb additional labour, however. The general employment crisis has also hit the prosperous regions as well, so that economically flourishing locations are increasingly confronted with the problem of rising unemployment. In addition, the demands on the skill profiles and qualifications of employees have risen dramatically due to the increasing importance of technology at work, so that those people from less-developed areas who do not possess such a high level of qualification are at a disadvantage compared with the local labour force. Despite the changed framework, however, the prosperous regions still show a positive migrational balance, even if the current residential po-

pulation is growing at a slower rate than in the past. This situation places special demands on the capacity of this type of region to integrate immigrants.

Challenges for the trade unions in the prosperous regions

The European trade unions have a very high level of organizational strength in the prosperous regions especially — not just in traditional industrial regions. This strong position is due primarily to the industrial traditions prevalent in this type of region. The unions are particularly strong in the large enterprises, but also in the public services to an increasing extent.

From the perspective of the labour organizations, rapid structural change and the flexibility of this regional type represent a special challenge. Especially in the prosperous regions, the trade unions are confronted with the new type of labour force that has emerged through the relative loss of importance of the traditional industries and the rapid growth of modern and technology-intensive production and service sectors, with employees whose life pattern and interests deviate substantially from the old image of the industrial worker as the traditional clientele of the trade unions.

The segmentation of labour-markets confront the trade unions in the prosperous regions with new and unfamiliar lines of conflict within their memberships. The demands of the so-called 'job-owners' for good pay and conditions collide at least to some extent with the interests of marginal groups suffering from unemployment and poverty. In view of these problems, the trade unions are endeavouring to become active in the field of labour-market and employment policy, alongside their traditional involvement in the collective bargaining process. In this way, they make an important contribution to intra-regional cohesion and social stability.

Despite these challenges, the trade unions in the prosperous regions continue to have a stable basis. Wages and salaries are higher than the national average, and the unemployment rate is relatively low. The combination of favourable economic conditions and strong trade union

presence led in many cases to these regions assuming a role as collective bargaining 'locomotives' in their national economies. Many innovations in this area (e.g. the 35-hour week in Germany) were achieved in the economically strong regions and subsequently established as national standards. The leading role of the unions in this process also leads in many cases to the prosperous regions becoming a stage for crucial conflicts between trade unions and the employers.

The trade unions in the prosperous regions are usually more innovative and open than those in

other regions. This is easily explained by the fact that workers in such regions are confronted at an earlier stage by technological innovations. The new forms of work organization introduced in recent years, such as production in teams, or lean production, pose major challenges to the trade unions. Today's highly skilled workforces demand from their representatives adequate responses to these 'post-Fordist' conditions. The prosperous regions are thus becoming an experimental field for future trade union work, where the issue at stake is none other than ensuring the future viability of labour organizations.

4.2. Regional sketches

Each of the prosperous areas investigated in this study constitutes, within its specific national context, an economically powerful region in one of the large Member States. The regions selected are the 'four European tigers'¹ (Catalonia, Rhône-Alpes, Lombardy and Baden-Württemberg) as examples of successful industrial regions, and south-east England as a region that is dominated to a particularly high degree by the service sector.

Catalonia

The Catalonia region in the north-east of the Iberian peninsula comprises the provinces of Barcelona, Girona, Lleida and Tarragona, a total of 41 historical districts ('comarques') and 940 municipalities. It has a land area of 32 000 km² and a total of 6.1 million inhabitants, half of whom live in the greater Barcelona area.

Unlike most Spanish regions, Catalonia is a 'historical nation' with a history of independence that can be traced back to the establishment of the 'Spanish March' by Charles the Great in the ninth century. After the reconquest of the areas occupied by the Moors, the Catalan Empire, which formed a union with Aragon in 1137, extended from Perpignan in the north to Murcia in the south, and embraced the Balearic islands, Sardinia, Sicily and Naples. This was the period during which the present boundaries of the

Catalan linguistic area were formed.² Ninety-five per cent of the Catalan population understand the Catalan language, which, in addition to Castilian, has official language status.

The Catalans possess a long tradition of political self-administration going back to the late Middle Ages. A precursor of the present-day 'generality'³ was established as early as 1359. The defeat of the Catalans in the Spanish War of Succession put an end to their independence and in 1716, Catalonia had to subject itself completely to the centralist rule of the Bourbons. 'Catalan nationalism' in its present-day form did not emerge until the last two decades of the Franco regime, following the rise of nationalist ideologies in the 19th-century and short periods of relative autonomy and self-administration (the so-called *Mancomunitat* from 1914 to 1925 and the 'generality' between 1932 and 1939), periods interrupted by various dictatorships in Madrid. The generality was re-established on a provisional basis in 1977 during the transition to democracy, and two years later became the first autonomous region in Spain when the 'Estatut de Sau' came into force following a referendum.

Feudalism of a Central European type was the dominant influence on Catalonia's economic and

² The linguistic area where Catalan is spoken, also called the 'Catalan countries' (*Països Catalans*), today comprises the autonomous region of Catalonia itself, as well as the autonomous communities of Valencia and the Balearics, large areas of the *Pyrénées-Orientales département* in France, and the principality of Andorra. The actual Catalan linguistic area has a population of 10.3 million, of whom 80% are native-born and Catalan-speaking.

³ In the entire text we use the Catalan term 'generality'. In Spanish, the regional government is called the 'generalidad'. The Catalan terms are also used for place names, e.g. Lleida (*Lérida*) and Girona (*Gerona*).

¹ This name was borrowed from the newly-industrializing countries of South-East Asia. The regions involved here call themselves the 'four motors for Europe'. See Sturm (1992).

social history for centuries. Trade, commerce and shipping led at the height of the Middle Ages to the formation of trading capital, banks, a model form of maritime law and other modern social and economic structures. However, Catalonia was later drawn under by the decline of the Spanish Empire and until the end of the 18th century suffered under Seville's trade monopoly with America. The industrialization of Catalonia commenced at an earlier stage than in the rest of Spain; as early as 1880, Barcelona was an important European centre for textiles, alongside cities like Terrassa and Sabadell.

Catalonia today is numbered among the highly developed areas in Spain, with a level of per capita income that, while one of the highest in Spain, is still below the Community average. Agriculture plays a minor role in the region's economic structure; this is now dominated by the industrial sector, above all the car, textile, chemicals and food industries. The service sector (trade and tourism) has also shown rapid development in recent years as well.

However, in the entire region, and especially in the metropolitan area of Barcelona, the environmental limits to economic growth are now becoming visible. Rapid growth of industry and the service sector (especially tourism), combined with the unconstrained urban sprawl of the 1960s and 1970s, are the main causes of today's environmental problems. The regional government of Catalonia is endeavouring in this situation to develop a stronger profile in the field of environmental policy.

The economic problems currently being faced by Catalonia are partly a result of the isolation from international competition that the region suffered from for a long time. The high level of unemployment is definitely the most urgent problem.¹ Spain's accession to the European Community laid bare the competitive weakness of many Catalan enterprises. The small family enterprises typical of Catalonia lacked the capital and know-how they needed to adjust to the new competitive

¹ The unemployment rate is roughly the same as that for Spain, and is significantly higher than the EU average. The industrial belt around Barcelona and the Llobregat area have been hit particularly hard. The deregulation of the labour-market imposed by central government has also led to a drastic increase in non-standard and insecure forms of employment.

situation. Those with political responsibility concentrated mainly on direct investments by foreign organizations (e.g. Volkswagen's takeover of the SEAT car company, which used to be State-owned) in order to modernize the regional economy. This approach was a successful one, in that there is no other Spanish region with such a high level of European and Japanese capital as Catalonia.

The trade unions in Catalonia can look back over a turbulent and conflict-ridden history. Catalonia was the centre of the anarchist trade union, the CNT, which represented large sections of the labour force until the end of the Spanish Civil War. One interesting feature is the increasingly positive attitude to 'Catalanism' among working people, despite its bourgeois associations. This is no doubt a product of the ban on trade unions, the abolition of Catalonia's self-government organs and the suppression of the Catalan language following Franco's victory in the Civil War. The opposition's demands for democracy, free trade unions and regional self-determination were closely integrated. The trade unions, especially the Catalan Workers' Commission (CONC), thus became an integral part of the movement for democracy, and in this connection acquired considerable public esteem among broad sections of the Catalan population (Gabriel (1989)).

Since their legalization in 1977, the challenges faced by the trade unions are less political in nature and more associated with the representation of occupational interests. After an initial rise, the level of organization among Catalan workers has fallen again. Catalan trade unions continue to demonstrate a high mobilizational capacity in industrial conflicts, however.

The inner-trade union split is a problem for the trade unions in Catalonia as well. 'Regional-national' trade unions akin to those in the Basque country or Galicia were unable to develop here (Miguélez (1984)), but the relationship between the UGT and the workers' commissions was full of strife over a long period. Today, as in Spain generally, the two organizations succeed in acting together, and this unity is increasingly used to achieve agreements with the Catalan employer's federation (Fomento) and the regional government.

Rhône-Alpes

The Rhône-Alpes region is often called 'a 10th' of France — a 10th of the population, a 10th of value-added, and a 10th of industrial production and research (Colletis (1993)). This makes Rhône-Alpes the second most economically powerful region in France after Ile de France, the region around the capital. With 5.3 million inhabitants and an area of 44 000 km², it is also the only other region with 'European weight' (Heritier (1990)).

Rhône-Alpes comprises eight *départements*¹ in all, between which there are major demographic, economic and geographical differences. In contrast to the high population density in the urban agglomerations and along the major axes of communication, there are also some large but thinly populated mountain areas. This unbalanced distribution of population is matched by substantial economic disparities between the various sub-regions. The economic centre and capital of the region is Lyons,² which has traditionally performed a role as the main rival to Paris. Other regional centres are the agglomerations of Grenoble and St Étienne. There is also a network of medium-sized towns (*polycentrisme urbain*) that distinguishes Rhône-Alpes from other French regions, which usually have only one centre. The urban settlement structure is based on a dense communications network and has a healthy infrastructure.

The area's favourable location accounts for the economic success of the Rhône-Alpes region. Lyons, even a thousand years ago, was considered the 'most northerly city of the south', and its markets and fairs made it one of the most important trading centres in Europe. This is the point where the trade routes joining the Mediterranean and the North Sea met, where the links between Grenoble and Geneva met the Loire. Close links existed with Italy; silk was imported from this region, and its banking system emulated elsewhere. Not only was Rhône-Alpes the most important centre of the French printing industry in early capitalism, it was also one of the

centres of national industrialization. St Étienne, with its coal and steel industries, was another important city besides Lyons. The first railway line to be opened in France, for example, was between St Étienne and the Loire valley.

The production of silk, which was given a major boost through tax exemptions, developed into the dominant industry in the region, and silk weaving was the foundation for later industrialization. The Lyons weavers' uprisings in the last century were the beginning of the French labour movement, and a politically aware proletariat of national importance came into being in the industrialized areas. The industrial conflicts in St Étienne were among the most bloody and hard-fought in the history of France.³

Today, Rhône-Alpes is less a traditional industrial region than a location for modern technology and services. The Rhône-Alpes economy has been relatively successful in continuously modernizing its industry, and at the same time establishing a dynamic service sector. The main strengths of the regional economy are the relatively even balance in its sectoral structure, a dense network of medium-sized enterprises, and the strong presence of large French and foreign companies. Despite its industrial strength, however, the percentage of employment in this sector has declined substantially. Between 1975 and 1987, about 155 000 jobs were cut — about one fifth of all employment in industry. The situation improved somewhat in subsequent years, but the downward trend is now reappearing. The old industrial areas around St. Étienne and Roanne are those worst hit by the crisis.

The tertiary sector of the Rhône-Alpes economy displays a steady upward trend, with corresponding effects on employment. Services to enterprises form a particularly strong sector, and the Rhône-Alpes has a leading position in the research and development field. The number of researchers is evenly spread among public institutions, research centres, universities, elite colleges and private companies.

As far as the environmental impact of trade and industry in the Rhône-Alpes region is concerned,

¹ Ain, Ardèche, Drome, Isère, Loire, Rhône, Savoie and Haute-Savoie.

² Lyons was made the capital city of Gaul by Agrippa in the year 27 BC.

³ When soldiers were used in 1869 to stop the miners' strike, a total of 40 workers were killed — a bloodbath that has gone down in history as the 'fusillade du brûle'.

the most serious problem is pollution of water, especially in the chemicals-producing areas in the Rhône basin and the Isère. There have been increasing efforts in recent years to install effective sewerage treatment. Rural exodus has also led to major environmental problems in the southern parts of the region (Ardèche and Drôme).

Like other French regions, Rhône-Alpes is also a product of the decentralization policies pursued by central government. The region was not declared a territorial unit until 1982, and its first regional council was not elected until 1986. The many local identities which exist are far from forming a unitary whole, something which can only be achieved through common efforts. Despite the lack of regional identity, the political institutions of the Rhône-Alpes region have acquired a position of some importance. The regional council has defined competences, its own budget, and plays a crucial role in negotiating the 'planning agreements'. Its main responsibilities concern school and vocational education, tertiary education and publicly-funded research. Given the low degree of financial scope, the business promotion activities of the regional council are limited to selective incentives, particularly with respect to the modernization of industry in the region.

The position of the trade unions is rather unstable in Rhône-Alpes, as elsewhere in France, on account of the national economic crisis. The loss of influence is shown by declining membership, but also by disappointing results in the elections for the works committees, where independent candidates have achieved major successes. The deep split between different political orientations within the trade union movement, but also the weakness of their conceptual approaches, are so serious that the legitimacy of the 'representative' unions is increasingly being called into question.

Lombardy

Lombardy was not created as a separate level of political administration and government until the regionalization of Italy during the 1970s. The territory of Lombardy covers about 24 000 km² and

is sub-divided into nine provinces.¹ With almost 9 million inhabitants, Lombardy has the highest regional population in Italy. It is also the most powerful region economically; Milan, its metropolis, is considered Italy's 'economic capital'.

Lombardy has had an extraordinarily successful economic history that is linked inseparably to the regions of Piedmont and Liguria. Since the end of the 19th century, they have formed Italy's 'industrial triangle' and the 'motor' of its economic development. In a certain sense, industrialization occurred in these north-western regions almost as if they constituted a 'little autonomous country' (Cafagna (1973)). Political unity after 1860 remained an unaccustomed fact until the early years of this century, and one which had little or no effect on the traditionally strong regional differences in economic and social structure. The north Italian regions maintained their own international links, their economic life being influenced by that of other countries to a considerable extent. Relations with southern Italy were limited, in contrast. After unification, the south served the north as an extension of the latter's markets, and later as a reservoir of cheap labour. Dualism in Italy involves not only major economic disparities, but also an imbalanced system for the interregional division of labour.

The region was an important economic area as early as the Middle Ages and the Renaissance. In contrast to southern Italy, where the agricultural sector featured extensive cultivation and a *latifundia* economy, the north had a modern agriculture (cattle breeding, capitalist forms of organization, irrigation systems) from an early stage. The decisive factors that enabled the north-western regions to gain such a lead was their geographical proximity to the more heavily industrialized areas of the continent, but above all the international openness favoured not least of all by the political and economic 'compactness' of Lombardy.

The region experienced a decisive modernization thrust during the 18th century as a consequence of Austrian domination. Historically known as the

¹ The province of Sondrio, as well as parts of the Varese, Como and Bergamo provinces belong to the traditionally poorer mountainous areas. The provinces of Milan, Pavia, Lodi, Cremona, as well as parts of Mantua and Brescia are in the fertile and heavy industrialized Po valley.

'matrimonio fra Milano e Vienna' (Lill (1986)), this relationship was affirmed and supported by both sides because it produced benefits for each. One aspect was the fundamental reform of public administration in the middle of that century, which eliminated Milan's privileges and sub-divided all of Lombardy into provinces and municipalities, not to mention the reorganization of the complex judicial system.¹ The radical reforms instituted by the Austrians were considerably facilitated by the compact size, favourable location, wealth of natural resources and, last but not least, by the willingness to cooperate shown by large sections of the Lombardy population.

Even before the industrial revolution became established in Italy, Lombardy had intensive trading links with other countries. Silkworm farming and the export of silk were of decisive importance for the regional economy at the beginning of the 19th century. Silk production favoured the transition from an agrarian to an industrial society, by enabling the accumulation of capital and accustoming the financial establishments to economic activities other than the purely agricultural. The industrialization of Lombardy also led to the first worker relief associations, the precursors of the trade unions, coming into being as early as the 1840s.

To this day, Lombardy has been able to uphold its position as the economically most significant region in Italy (Biffignandi (1987)). Milan is still the 'bridgehead' of the Italian economy in foreign trade, the adaptation of new technologies and innovations. The dominant role played by the processing industries (mechanical engineering, chemicals, etc.) mean that Lombardy is essentially an 'industrial' region. However, it also has a highly efficient service sector that, through its dependence on and proximity to industry, makes a decisive contribution to the latter's competitiveness. Milan, which is home to Italy's leading banks and insurance companies, not to mention the country's main stock exchange, is Italy's unrivalled financial centre (Irer (1986)).

¹ One of the greatest achievements of the Theresian administration was the establishment of the first cadastral register in Europe (1759), in which all real property was assessed according to the same, State-defined criteria and the tax burden determined accordingly. This rationalized and improved State revenue, dismantled class privileges, and stimulated the economic innovation that had been absent during the entire period of Spanish rule.

One advantage of the Lombardy economy is its balanced distribution of company size and its flexible production structure. Lombardian entrepreneurship seems to focus traditionally on the commercial rather than the technical and organizational sides of business. Individualism, and a sceptical attitude towards mergers, are typical characteristics. Despite the fact that Lombardy also has its share of large State-owned enterprises, there is still a powerful tradition of family-owned capitalist enterprise.

Lombardy's economic success has also given rise to accelerating pollution, now acknowledged by the public to be a problem. All urban centres suffer from serious air and noise pollution. Traffic congestion is particularly bad in Milan. The regional government has difficulty promoting suitable projects aimed at abating these serious environmental problems.

When Lombardy's 'regional statute' was enacted in 1970, the region acquired its own organs of political self-administration. The directly elected regional council has its own budget and legislative competences (Gizzi (1991)); its actual scope, especially in the economic and social area, is restricted by the primacy of State competences and the low volume of free finance available. The crisis of the Italian State has been having an impact on society in Lombardy as well more recently. A system of bribery and corruption was recently uncovered in Milan in which almost the entire political elite of the region was apparently involved. The regional metropolis is now popularly known as 'tangentopolis', seriously damaging its previous image as the 'moral capital' of Italy.

The strong trade unions in Lombardy are not completely immune to the political upheavals which have been occurring. They represent a traditionally unitarist and strongly mobilizable labour force that, for all its fighting strength, is also participative and geared to consensus. Close relations between the three large federations, the CGIL, the CSIL and the UIL, led in spring 1994 to their deciding to merge their three regional organizations, despite the differences of political orientation that exist between them. The trade unions in Lombardy are thus the vanguard of a possible unitary trade union movement in Italy, and are therefore making a crucial contribution to the eradication of inter-union competition.

Baden-Württemberg

Baden-Württemberg is the third largest *Land* in Germany, covering 35 700 km². Its 9.6 million inhabitants are distributed among four provincial districts, 144 urban and rural districts and more than 1 000 municipalities. Almost half the population lives in the north-western parts of the State — the 'central Neckar' region² with Stuttgart as its capital, the 'central upper Rhine' region (capital Karlsruhe), the 'lower Neckar' region with Mannheim as its centre, and Heidelberg, the internationally famous university town.

Baden-Württemberg, and especially the central Neckar area, is today one of the economically most powerful agglomerations in the European Union. A look at the State's history (Boelcke (1989)) shows that the level of socio-economic output is the late product of a very changeable process of industrialization and modernization. During the first half of the last century, industrialization was comparatively slow in getting off the ground. The inclusion of south-west Germany in the 'Rhine federation' under French domination and the subsequent reorganization of the territory promoted the successive modernization of what is today called Baden-Württemberg. The administrative reforms were directed initially at reforming the State apparatus and especially at removing the many traditional privileges in the region.³ At the end of the Napoleonic era, Baden and Württemberg were transformed into independent, centralist and bureaucratic States whose first constitutions were as a constitutional monarchy and Grand Duchy, respectively. This established the basis for greater integration; a new form of State-centred awareness ensued, a kind of Baden and Württemberg 'nationalism'.

Württemberg, Hohenzollern and Baden are the main historical components of the present-day State of Baden-Württemberg. Baden-Württemberg was not constituted as a *Land* until 1952, and a common identity has formed to only a

limited extent. Patterns of identification, but also economic interlinkages and social cohesion continue to exist within smaller territorial units instead. Cooperation between the regional and local territories is often governed by competition. Differences, for example between the Swabians and the people in Baden, still lead to demands from some quarters that Baden-Württemberg be split up into its original elements. However, a large majority of the population is in favour of the State retaining the boundaries laid down in 1952.⁴

One striking feature of Baden-Württemberg's economic history is its relatively late industrialization in the middle of the last century. Basic industries played a minor role due to the lack of raw materials, whereas the processing industries have traditionally been of major significance in the region. Until the 1970s, the most important sectors of the regional economy were the textile industry, which dominated during the early phase of industrialization, and the clockmaking industry. Mechanical engineering, automobile engineering and electrical engineering, all of which can be traced back to the last century, gained their current position of dominance during the 1970s.

Today, Baden-Württemberg is the most dynamic industrial region in Germany, accounting in 1989 for one fifth of the industrial value added in former West Germany. The region also has the highest level of exports compared with the other *Länder*. This favourable economic situation makes the State a net donor within the federal system of financial equalization, and therefore makes a major contribution to the financing of the less-developed *Länder*.

Craft trades are traditionally strong in Baden-Württemberg, a fact which explains to some extent the 'entrepreneurial' mentality typical of the region. The size distribution of enterprises is roughly the same as for Germany as a whole, with a mixture of medium-sized and large-scale enterprises. Baden-Württemberg is home to companies with worldwide operations, such as Daimler-Benz and Robert Bosch AG. It is also an

¹ Stuttgart, Karlsruhe, Freiburg and Tübingen.

² The term 'region' refers here to the planning regions within the Baden-Württemberg State, each of which comprises a relatively homogeneous economic zone. Baden-Württemberg was sub-divided into a total of 12 planning regions.

³ The territory of what is now Baden-Württemberg used to be sub-divided into about 600 separate territories.

⁴ In 1952, when a referendum was held on the creation of Baden-Württemberg, almost two thirds of the south-Baden population voted against amalgamation. In another referendum held in 1970, however, the majority voted for the State to continue in its present form.

attractive location for large foreign corporations such as IBM Germany. This co-existence of large corporations and medium-sized enterprises, combined with the wide sectoral mix that has developed historically, are key origins for the 'broad-ranging specialization' and ultimately the success of the Baden-Württemberg economy.

As in the other German *Länder* as well, the State government of Baden-Württemberg has extensive competences and finance, enabling it to pursue relatively independent economic policies. Since the early 1980s, at the initiative of the Prime Minister at the time, Lothar Späth, the State has been pursuing policies aimed at retaining international competitiveness in the critical fields of technological innovation. Science, research and technology policy were all rigorously subordinated to this objective, and industrial policy is constantly undergoing further development by means of expert commissions and congresses on the future of industry. The trade unions were previously excluded from any participation in the development of these strategies, but now that the Social Democrats are in government, this has changed at least partially. The new government's 'economic policies based on dialogue' mean that the trade unions are now expressly consulted as well.

The trade unions in Baden-Württemberg, with a membership of 1.2 million, represent an important force within the region. Their substantial weight within the German trade union movement is not the product of historical tradition, having really only developed since 1945. IG Metall's growing membership and its achievements in the collective bargaining field have placed the Baden-Württemberg metalworkers in the forefront of the German trade union movement. The North Württemberg — North Baden district of the union has been the 'collective bargaining locomotive' of the national union since the late 1970s.

The environment in Baden-Württemberg is the result of centuries of human intervention, increasing in speed, complexity and negative impact as industrialization has advanced. Conscious action to protect the environment were not taken until the 1970s, when awareness of environmental issues started to grow. Environmental protection in Baden-Württemberg still tends to involve remedying existing damage to ecosystems rather

than prevention. This environmental degradation is something that continues to afflict Baden-Württemberg and its inhabitants.

South-east England

The south-east of England is politically and economically the most important region in the United Kingdom. More than 17 million people live in its 13 counties¹ — almost a third of the entire population, and almost half of all those employed in the United Kingdom. It is the most densely populated planning region and the second largest in area outside Scotland, covering 27 000 km².

The history of the south-east has also dominated the economic, political, military and cultural development of the country and its sphere of influence like no other. Efforts to unite the various realms to form a single kingdom originated during the early Middle Ages in Winchester, in the county of Hampshire. The Norman conquest of England under William the Conqueror began in Hastings, in East Sussex. Since the early days of English and British history, the south-east has contained not only the capital city, London, but also the United Kingdom's political, financial and cultural elite. The south-east is also home to educational establishments of world renown, where to this day the elites of many countries are moulded.

London is the centre of the south-east in every respect. The city is also the metropolis for England, the United Kingdom, the remaining Commonwealth and what used to be the British Empire. The capital exerts a considerable pull on the entire region. Economic activity in all the counties of the region are clearly focused on London. Millions of people live outside the city itself and commute into it every day. But it is above all the concentration of political power, economic and cultural interests and functions for the United Kingdom that determine the special role of London and the south-east — the interests of the British Establishment, the media, or the worldwide financial and commercial interests concentrated in the City. Today, London is still one of the

¹ Bedfordshire, Hertfordshire, Berkshire, Buckinghamshire, Oxfordshire, Surrey, East Sussex, West Sussex, Essex, Greater London, Hampshire, Isle of Wight and Kent.

most important centres in the world for banks, insurance companies and other financial institutions.

The south-east is the seat of the British government and a world financial centre, but lacks any regional identity of its own. Nor are there any social forces able to transmit or construct such an identity. In this sense, we can speak of 'a region that is not a region'. Even as a statistical planning region, the south-east is much less clearly demarcated than other English regions. There is hardly a single British ministry or other public institution that orients itself to the territorial boundaries drawn up during the 1960s. Ironically enough, the regional organization structure of the TUC was one of the few that followed the planning region boundaries.¹

At local authority level, the south-east is a very fragmented body, comprising a dozen counties and over 30 London metropolitan districts in which there are few signs of coordination or cooperation. Following the abolition of the Greater London Council in 1986, there is not even a common structure for the administration and government of this metropolis and its 8 million inhabitants.

The lack of any form of regional articulation contrasts with the concentration of economic and political power. The London metropolis as the centre of the south-east is the seat of national government and the head offices of many national and international companies. The south-east represents and incorporates the British Establishment like no other region does; in terms of political composition, it is a conservative region and the most important power basis for the ruling Conservative Party. During the 1980s, the disparities between the southern parts of the country, which mainly vote Conservative, and the Labour-dominated north became particularly grave.

The south-east has left few traces on Britain's industrial history. Unlike the traditional industrial areas in the north and the Midlands, heavy industrial manufacturing played a relatively insignifi-

cant role in the south-east. Some parts of the region (e.g. the coalmining areas in east Kent and the London docks) do have a certain industrial tradition. Furthermore, the south-east was an important location for the armaments industry until quite recently. These traditional industries, now threatened by reorganization or even closure, together with the ports in Southampton, east London, Essex and the east coast, are the bastions of the southern English labour movement.

Manufacturing industry has lost considerable weight, whereas the service sector has grown considerably, now employing about 80% of the workforce. The decline of manufacturing industry was more severe than in the United Kingdom as a whole, but was more than compensated for by the growth of the tertiary sector. The average unemployment rate is thus lower than in other regions, although it has increased at an over-proportionate rate in recent years.

The south-east is a heavily overburdened region. The density of population and traffic, especially in the Greater London area, led at the beginning of this century to major environmental problems in the region, with the word 'smog' being closely associated with London.² Because of the lesser significance of industrial production, the worst environmental offender today is motorized transport. The dearth of any coordinated environmental policies at local level is one major reason why there can be no sustained improvement in the situation at present.

The southern English trade union federation is traditionally one of the weaker regional organizations within the TUC. The degree of organization (30%) is relatively high within a European comparison, but is well below the national average. This lack of trade union presence is due to the minor role played by industry. The position of the trade unions is made particularly difficult by the fact that those sectors where they wielded considerable influence (in mining, the docks and shipyards) have been worst afflicted by structural

¹ In early 1994, following a reform of the TUC Regional Councils, parts of the south-west and East Anglia were added to the newly founded 'Southern Eastern TUC'.

² The term 'smog' refers to a mixture of natural fog and domestic or industrial smoke. The term was probably coined by H. A. Des Voeux in 1905 to describe the atmospheric conditions of English cities. It first became popular in 1909, when more than 1 000 people in Glasgow and Edinburgh died as a result of smog.

change. Trade union activities are further hampered by the generally difficult conditions to which the British trade unions are exposed under the Conservative government. All these factors have led to the southern English TUC amalgamating with the regional TUC in south-east England in summer 1994.

At local level, the trade unions continue to have considerable influence. In Labour-dominated wards, Southampton being one example, trade unionist policies are also implemented. The trade unions are also active in the Serplan planning cooperation network, in which local authorities controlled by the Labour Party are organized.

4.3. The socio-economic and environmental situation

Basic data — the weight of the region

All the prosperous regions studied here are among the major areas in their respective Member States, in terms of both geographical area and share of population.¹ They range from the relatively sparsely populated region of Rhône-Alpes to the urban agglomeration of south-east England, where the population is three times higher. Lombardy and Baden-Württemberg also have high settlement densities; Catalonia's population density is also higher than the European average.

There are substantial differences between the regions with regard to population trends. The figures for Rhône-Alpes and Baden-Württemberg are particularly noteworthy, indicating considerable growth during the 1980s. Population growth appears to have stagnated in Lombardy, and is accounted for by a declining birth rate and an end to in-migration from the southern parts of the country. Similar factors can also be identified in Catalonia, even though the population there is still increasing. The high settlement density in the south-east of England and Lombardy appears to have a negative effect on population growth; the phenomena typical of overburdened and congested agglomerations are evident here.

¹ In the average NUTS 1 region in 1990, around 5 million people lived in 34 000 km² in the corresponding NUTS 2 region, the figures were 1.9 million in 13 000 km². The average population density was 146 inhabitants per km², but 291 in the areas studied here.

There are significant differences between the regions with respect to the percentage of immigrants in the population. There is a wide gap between Baden-Württemberg, the south-east England and Rhône-Alpes, which all have a high percentage, and the low immigrant levels in Lombardy and Catalonia. These differences are no doubt attributable to the different immigration laws in each region or country, but also indicate different levels of international openness on the part of the regions.

A high regional domestic product is the most commonly encountered indicator for economic strength. If one compares the gross domestic product per inhabitant with the average European values, substantial differences in development can be made out. In the rankings for 174 Euro-regions, Lombardy was in seventh place in 1989, the south-east of England in 12th place, Baden-Württemberg in 26th place and Rhône-Alpes in 41st place. Much further down, with a ranking of 125, was Catalonia (European Commission (1991a)).² On the one hand, these rankings are a reflection of the development levels of the Member States, but within this allocation, those regions which are spread

² Rankings are based on the statistical allocation into 171 NUTS 2 regions by the Statistical Office of the European Communities. The autonomous communities in Spain, and the Italian and French regions are congruent with the NUTS 2 level. The German *Länder* and the standard regions in the United Kingdom correspond to the NUTS 1 level, with the provincial districts and 'groups of counties' being equivalent to NUTS 2 regions. Baden-Württemberg consists of four provincial districts, while the south-east is divided into seven NUTS 2 units. The ranking for the last two regions is therefore a mean value only, and is not specifically mentioned in Eurostat.

Table 4.1
Land area and population of the prosperous regions (1990)

Region	Land area	Population			Immigrant population	
	1 000 km ²	inhabitants (millions)	per km ²	% change 1981-90	inhabitants (1 000s)	Percentage of population
Lombardy	23.9	8.9	374	0.2	73.6	0.8
Rhône-Alpes	43.7	5.3	122	8.3	425.3	7.9
South-east England	27.2	17.5	641	2.7	1 043.3	6.1
Catalonia	31.9	6.2	193	3.5	65.9	1.1
Baden-Württemberg	35.7	9.6	169	4.6	969	10.1

Source: European Commission (1993c) and own calculations.

Table 4.2
Regional domestic product at the national and European level (1985-90)

(per head in purchasing power parity)

Region	1990 EUR 12 = 100	1989 EUR 12 = 100	1985 Nation = 100	1989 Nation = 100
Lombardy	135	139	133	134
Rhône-Alpes	109	107	110	98
South-east England	121	131	123	122
Catalonia	92	94	82	122
Baden-Württemberg	123	118	120	105

Source: Eurostat and own calculations.

more narrowly around urban agglomerations tend to be in a better position.¹

If one compares the development of economic strength in the second half of the 1980s, one is particularly struck by the fact that Catalonia succeeded in considerably reducing its developmental backwardness with respect to the European average. No such shifts in position can be observed as far as the other regions are concerned. Baden-Württemberg's development was relatively dynamic, but this was also attributable to the special impact of German unification. The decline in position shown by south-east England in the 1989-90 period is an expression of the current difficulties being encountered by the service sector there. Lombardy and Rhône-Alpes improved their position to a marginal extent. These figures for the prosperous regions imply

that there was no dismantling of regional disparities over the period to which the figures refer.

A somewhat different picture emerges if we compare the respective figures for domestic product with the national averages. As one would expect, Lombardy's domestic product per inhabitant is far greater than the national average — further indication of the extreme disparities between the economic zones in Italy. Catalonia and south-east England also display a substantial developmental lead within their respective national contexts. This is less so with Baden-Württemberg, on account of the low regional disparities between the west German *Länder*.² If the new *Länder* are included in these statistics, then Baden-Württemberg would show a similar lead to the national average as Catalonia and the south-east of England. Value-added per inhabitant in the Rhône-Alpes

¹ The regions which have the highest rankings are Groningen, Hamburg, Ile-de-France and Greater London, i.e. urban agglomerations which are demarcated within relatively tight boundaries.

² This statement does not apply to the city States of Hamburg and Bremen/Bremerhaven, which have some of the highest values (182 and 147 respectively).

region is slightly less than the national average; this can be attributed to greater urban-rural differentials, and to the dominance of the Paris region within the French economy.

Characteristics of regional economic history

A look at economic history shows that the regions investigated have been among the leading economic centres in their respective countries since the very beginnings of industrialization. The different points in time at which the regional 'take-off' actually occurred run parallel to the different routes that industrialization took in each of these countries. In England, the birthplace of the Industrial Revolution, the south-east was never one of the industrial centres, however; these were mainly situated in the northern regions. The Rhône-Alpes region has a multifaceted industrial history on account of the traditional silk industry in Lyons and the coalmining areas around St Étienne. Lombardy has been the industrial locomotive of the Italian economy since the early 19th century, retaining this position today. This is slightly less the case for Catalonia's role as the 'first factory' of Spain, whose industrialization was not able to prevent the essential 'failure of the industrial revolution in Spain' (Nadal (1985)). As far as its level of industrial development is concerned, Catalonia has quite clearly the lowest performance of the regions being compared.

In the course of their economic development, the prosperous regions were constantly exposed to changing market conditions. Unlike the other regional types, they succeeded in coping more smoothly with this permanent structural change. One difficult period in their recent development was in the years that followed the oil crisis in the 1970s. Lombardy's economy managed to adapt to the new demands of flexible specialization by radically reorganizing its production systems. This transformation can be perceived above all in the changes in size distribution of enterprises. Cooperation networks of small and medium-sized enterprises, the so-called industrial districts, gained increasing importance in this respect. Large companies also reacted to the crisis, decentralizing their production and engaging in an intensive process of technological innovation. As

a consequence, enterprises shrank in size and the depth of production was spatially reorganized. This change was accompanied by an extraordinary growth in new start-ups.

For decades, Baden-Württemberg had especially high growth rates compared with the other *Länder* in Germany. In the urban agglomerations of the State, such as the central Neckar area that was one of the motors for Baden-Württemberg's economic development, growth rates declined to an above-average extent during the most recent economic crisis. However, there were already signs of recovery as early as 1993.

The crisis did not hit Catalan industry until the late 1970s, but all the more severely. Protectionism was not removed until the change of political system, which then laid bare the serious competitive weaknesses of the Catalan economy. When Catalonia started to restructure its economy, this process was already well advanced in the other regions under comparison. A period of rapid growth in Catalonia then set in from the mid-1980s onwards, producing a substantial increase in employment. The causes for this improvement were the general upswing in the world economy and Spain's accession to the European Community in 1986. The development of the Catalan economy also received targeted support from central government, most notably in the form of assistance for improving infrastructure in connection with the 1992 Olympic Games in Barcelona. Once the euphoria over the Olympics had died down, however, Catalonia entered a recessive phase along with the rest of the Spanish economy, thus showing that its structural weaknesses have not been eradicated.

Structure of the regional economy and labour-market

The primary feature shared by the 'four motors for Europe' is the dominance of the industrial sector. Their regional economies are still based above all on manufacturing, with textiles, metalworking, the car industry and chemicals being the production clusters around which the other industrial sectors, supplier companies and services for industry are grouped.

Baden-Württemberg is a classic example of such a modern industrial region. In 1991, one in five of all those working in West German manufacturing was employed in this single south-west German State, almost half the working population there. The capital goods sector is the most important, both in terms of employment and turnover, accounting in 1990 for two thirds of all those employed in the processing industries. Mechanical engineering, electrical engineering and automobile engineering are the key sectors in Baden-Württemberg's economy, all three accounting for over a quarter of the national total employed in each of these sectors. Over a third of all those in the precision engineering, optical and clockmaking industries work in Baden-Württemberg. More than 90% of the German clockmaking industry's turnover is produced in Baden-Württemberg. The textiles sector continues to enjoy a dominant position in the consumer goods industry.

Textiles, metalworking, consumer goods and chemicals form the foundations of Catalonia's industrial sector. The textile industry, on which the industrialization of Catalonia was essentially based, only accounts for about a quarter of the total workforce today. The metal processing sector is similarly important, and is heavily dependent on the car industry. Metalworking is by far the most dominant industrial sector in Lombardy. Chemicals, and various sectors of the processing industry, are also very important as industrial employers. In the Rhône-Alpes region, most jobs are found in mechanical engineering, in electrical engineering and the electronics industry, in textiles and clothing, and in basic chemicals and pharmaceuticals. These four sectors provide about half of all jobs in industry. There is a high degree of specialization within industry itself, but these specialized companies do not play a dominant role within the region's industrial base.

The south-east of England is far advanced on the path to the service society, and can only be considered an industrialized region to a limited extent. Especially the traditional industrial sectors of the south-east — shipbuilding, mechanical engineering — have lost any weight they used to have. Recent cuts in defence spending have had a negative impact on the armaments industries of the south-east, although some areas in the north-western part of the region (Oxfordshire, Bedford-

shire, Herfordshire) have benefited considerably from the location of modern computer and electronics companies. However, because production in these 'sunrise' industries is so capital-intensive, they have not compensated for the general loss of jobs in the region's industry.

Agriculture plays an almost negligible role in the labour-markets of the regions under analysis, although the primary sector is still important in more sparsely populated regions, or in the rural sub-regions. Rural areas increasingly function to relieve the pressures and burdens on agglomerations.

More than half of all jobs in the prosperous regions are now in the service sector. This is particularly evident in the south-east England region, where more than three quarters of all jobs are in the tertiary sector. However, if the internal structure of the service sector is subjected to closer analysis, major differences between the regions can be identified. In Baden-Württemberg, Lombardy and Catalonia, three regions which are still classed as 'industrial' on account of their industrial traditions and the structural importance of their secondary sectors, services to industry are of key importance.¹

The service sector is under represented in Baden-Württemberg compared with the country as a whole, although its share of total employment is constantly rising.² Services to industry are displaying rapid growth, as are the banking and insurance industries. The service sector in Lombardy is organized into four main areas: commerce and tourism (more than one third of all turnover), transport and communications (just over 10%), banking and insurance, and other services (together accounting for more than 40% of total turnover). The latter group comprises services to enterprise (marketing, advertising, consulting services, etc.). Financial services play a

¹ The statistical sub-division of the economy into three sectors (agriculture, industry and services) can only provide a limited analysis due to the interlinkages between the various fields and sectors, and the increasing complexity of the service sector. The regional statistics provided by Eurostat do not as yet include any breakdown according to specific branches.

² Employment is distributed within the service sector between services provided by companies and professionals (19.6%), trade (24.6%), local authorities and social insurance institutions (24.1%), followed by transport and news services (8.6%), other non-market organizations (churches, charitable associations, etc. — 6.7%), and banks and insurance (6.4%).

Table 4.3
Sectoral employment structure (1990)

(%)

Region	Agriculture	Industry	Services
Lombardy	3	44	53
Rhône-Alpes	4	35	61
South-east England	1	23	76
Catalonia	3	44	53
Baden-Württemberg	4	46	51
EUR 12	7	33	60

Source: Own compilation from Eurostat.

major role, especially in Milan, Italy's financial capital and the location of its biggest stock exchange. The public sector is less important as an employer, however. (IRER (1993))

In terms of value-added and employment, the service sector in Catalonia is dominated by commerce, public administration and financial services. Services to enterprise, as well as research and development, are weakly developed for such a modern industrialized region. Tourism is very important in the coastal areas, providing about a tenth of all employment in the service sector.

The Rhône-Alpes region is considered in France to be a pioneer in the services sector, especially in the high technology field. Forty per cent of the French workforce in the business services field are employed in this region. The market strength and presence of these services provides a major boost to the region's industrial development. Enterprises in the Rhône-Alpes region can adapt to the changing competitive environment with the help of the engineering and consultancy services available.

One third of the workforce in the south-east of England is employed in the public sector — a reflection of London's important role as the seat of government and the civil service, including its function as the headquarters of the armed forces; the large number of local government administrations and facilities in this region further underlines this function.¹ A total of 1.3 million people

¹ The involvement of the public services has been declining rapidly since the privatization offensive launched by the Thatcher government during the 1980s.

— more than 17% of all those employed in the region — work in the fields of banking, insurance and other financial services. One of the world's major financial centres, London has a higher percentage of people working in financial services than Paris, Berlin, Tokyo or Frankfurt, and the lowest percentage working in manufacturing. The only city to exceed this extreme is New York. Because of the declining markets for housing and property, however, the financial services and the enormous amounts of credit owed by these markets are becoming a problem for the region.

Research and development potential

One factor which accounts for the leading economic role of the prosperous regions is the particular extent to which their research and development potential has been exploited. This includes, firstly, the public research establishments such as universities and research institutes. Private enterprise also provides a substantial level of research potential with its own research and development departments, but also through its own foundations.

In one study carried out for the Commission by the FAST Group, a total of 10 innovative 'islands' were identified on the basis of three key technological sectors (artificial intelligence, biotechnology and space travel), half of these — London, Stuttgart, Lyons, Grenoble and Milan — being in the regions we have been studying (Goddard (1992)).² Barcelona, the capital of Catalonia, has not been one of the innovative metropolises

² The other cities mentioned were Paris, Amsterdam, Dortmund, Frankfurt and Turin.

of the Union. The research and development programmes of the Union are aimed at strengthening these centres of innovation, and therefore tend to reinforce economic disparities between the regions. To that extent there is obviously a discrepancy between the twin objectives of global competitiveness and regional cohesion.¹

A comparison of financial expenditure and staffing in the research and development field reveals considerable interregional differences. In Baden-Württemberg, technology policy has been considered the key area for assuring the leading position of the regional economy, and hence of the entire Federal Republic. The region spends 3.9% of its gross domestic product on research and development, much more than any other of the regions studied here. This was the highest amount internationally. Another striking phenomenon is the commitment on the part of private enterprise, which employs three in four of those working in the research and development field. In 1987, more than 92 000 people in Baden-Württemberg were working in this field, equivalent to one third of the total R&D personnel in France, and a quarter of the German total. In addition, Baden-Württemberg has the highest proportion of non-university research establishments in Germany, employing about 7 500 people in all. There are also around 2 500 professors working for more than 130 technology transfer units in the State.

Lombardy is one of Italy's main centres for research and development, accounting for about one third of total national expenditure in this field.² Enterprises pay for 80% of all research and development activities, predominantly supporting applied research of importance for industry. Nevertheless, industrial enterprises in Lombardy spend more on research than on development.³ In general, industry in Lombardy displays an enormous capacity for innovation.

Close relations between research and centres of academic learning go some way to explaining

¹ See DATAR 1992 on the regional effects of the EU's technology policy.

² 28.8% of all public spending on R&D is in Lombardy, in addition to 34.6% of private enterprise expenditure in this field (ISTAT 1993).

³ Enterprises in Lombardy spend 53.7% on research and 46.3% on development. The comparative figures for Italy as a whole are 40.2% and 59.7%.

the particular dynamic growth shown by industry in the Rhône-Alpes region. Research conducted in the universities is closely related to the needs of industry. The research laboratories of CNRS (Centre National de Recherche Scientifique), for example, are in the immediate proximity of high-tech enterprises. The synergy effects which can be exploited here attract other companies to locate their operations here, which in turn provides new impulses within a collective research and development process (Colletis (1993)).

The south-east of England can also lay claim to a leadership role in the field of research and development. A large proportion of the main educational and research establishments of the country are concentrated in this particular region. Even though these establishments are located in the south-east, they produce very little work with a regional focus of any kind. There are more than 30 non-university centres of higher education, all of which have research and development capacities. Some of these centres operate technology transfer units, such as Imperial College and Investors in Industry, or the cooperation between University College London and the National Westminster Bank.

In Catalonia, in contrast, the lack of commitment in this field on the part of either private enterprise or public bodies is a special weakness of the regional economy. Only 0.46% of the region's domestic product is used for research and development, even less than the very low value for Spain as a whole (0.57%). Catalonia's position of technological dependence thus corresponds to the lack of autonomy on the part of enterprises in the region.

Autonomy of regional enterprises

The prosperous regions are in many ways proud of the differentiated structure of their economies and the importance of medium-sized enterprises. However, a comparison of the regions shows that there are enormous differences in the size distribution of enterprises. If we compare the size categories in manufacturing industry, we can see that south-east England and Lombardy have a comparatively differentiated size structure. The distribution of employment is at its most even in

Table 4.4

**Size distribution of manufacturing enterprises in terms
of employees and number of enterprises**

(%)

Region	Percentage of employees according to company size			Percentage of enterprises according to company size		
	<50	50-499	>500	<50	50-499	<500 ¹
Lombardy	52.0	23.0	25.0	n.f.a	n.f.a	n.f.a
Rhône-Alpes	54.4	36.5	9.7	96.6	3.2	0.1
Catalonia	49.4	31.2	19.4	95.0	4.3	0.7
Baden-Württemberg	8.0	42.0	50.0	48.0	46.8	5.2
South-east England	28.3	42.9	28.8	n.f.a	n.f.a	n.f.a

¹ More than 250 in the case of Catalonia.

Source: CIDEM 1988, ISTAT 1981, INSEE 1991; Statistisches Landesamt 1989, *Regional Trends* 1991; own compilation.

the south-east of England, despite the greater weight of medium-sized enterprises. In Lombardy, on the other hand, small enterprises employ half of the workforce, and medium-sized and large-scale enterprises the other half. Baden-Württemberg's employment structure shows a predominance of companies employing more than 500, although medium-sized enterprises are also well represented. The situation in Rhône-Alpes is almost the reverse: here, small enterprises are represented to an over-proportionate degree.

The predominance of small enterprises in the Rhône-Alpes and Catalonia regions is shown equally clearly if the size of companies is also compared. Small enterprises dominate, with only very few large companies located in the region and very few medium-sized enterprises. In Catalonia, the strong presence of the smallest enterprise category is particularly striking.

Simply looking at the distribution of company sizes without reference to other factors can lead to wrong conclusions being drawn, however. The decline in company size as a result of relocating services, and the increasing utilization of subcontractors does not necessarily mean that production is actually declining. This indicator is better applied to companies which compete on world markets. However, opinions also deviate on this point as well: studies such as that carried out by Recio (1992) show that companies in Catalonia are too small to compete on the European market, or to survive against foreign competitors on domestic markets. Other studies, on the other hand, are less concerned about the small size of

Catalan enterprises, but stress instead the need to specialize and to strengthen the joint export services of small and medium-sized enterprises. These different analyses derive from different viewpoints regarding the cooperations developing between enterprises, with debate being concentrated on new flexible production methods and the industrial districts.¹

The prosperous regions are privileged locations and the central decision-making locations for nationally and internationally leading enterprises. More than 70% of the turnover of the top 500 companies in the United Kingdom is controlled from London and the south-east. Decisions taken here therefore have an impact not only on the regional economy, but also beyond the country's national borders.

Baden-Württemberg is home to 10 of the 56 largest industrial enterprises in Germany. Daimler-Benz, the company with the highest turnover in Germany and the second biggest private employer in the country (employing 344 000 people in total), has its head office in the region.² This company has engaged in extensive

¹ Costas (1990) refers to the existence of industrial districts with a diversified structure, such as the Vallès Oriental and the Baix Llobregat. Recio (1992) doubts whether one can speak of industrial districts here due to the minor weight of local industry and the limited role played by local organizations: local factories are mostly located on the periphery of large multinationals in which production decisions are taken centrally at group headquarters outside the region itself. These centrally taken decisions depend on actors exterior to the region, thus imposing severe restrictions on the possibilities for local control.

² The largest employer in Germany is the Siemens corporation, which has its head office in Munich.

diversification of its products over recent years, and now operates not only in vehicle production, but also in the aerospace and electronics industries. Robert Bosch GmbH, the leading manufacturer of electrical parts for cars, also has its head offices in Baden-Württemberg. If one can speak of regional capital dominating in the large-scale industrial complexes, then this is all the more the case for medium-sized industrial enterprises. Baden-Württemberg's attractiveness as an industrial location means that foreign companies also invest here to a considerable extent. The importance of foreign capital is shown by the fact that the Stuttgart subsidiary of IBM, the American multinational, is the third largest company in the region. Baden-Württemberg's positive balance of capital movements shows that regional capital is also active on the international stage as well.

One traditional feature of Lombardy's economy is its high degree of autonomy. During the 1980s, however, this independence was weakened as a result of the greater presence of extra-regional corporations like FIAT from Turin. In the same period, new Lombardian entrepreneurs rose to prominence, above all the new Prime Minister of Italy, Silvio Berlusconi, and his 'Fininvest' group of companies; the latter is engaged in the fields of media, entertainment, trading and insurance. Within the space of a few years, this construction and property enterprise grew to become the third most important private corporate in Italy after FIAT and Feruzzi.

Companies in the Rhône-Alpes economy are autonomous to only a limited extent. The majority of shares in the large corporations in the region used to be State-owned, and controlled by the Ministry of the Economy in Paris. The privatization programme means that these companies are now up for sale.¹ However, the conservative government under Balladur, like its predecessor in the mid-1980s, is implementing a policy of controlled privatization — State-owned enterprises are not simply being sold to the highest bidder. A large proportion of the shares are being reserved for investors who are looking for long-term involvement. Rhône-Alpes is also an

¹ Rhône-Alpes has important locations and branches of companies like Crédit Lyonnais (financial services), Bull (computers), Péchiney (aluminium), Renault (cars), Rhône-Poulenc (chemicals) and Elf Aquitaine (oil), all of which are now being sold off.

attractive area for direct investments, which are welcomed in principle, but which are also viewed critically due to their negative impacts on the autonomy of regional enterprise.

Foreign companies exert a dominant influence on the Catalan economy. Direct investments from abroad were specifically supported by the Spanish government in an attempt to modernize the economy. For example, the majority of shares in Catalonia's largest enterprise, the car manufacturers SEAT, were taken over in 1986 by the German Volkswagen group. A third of all jobs in industry in Catalonia are in foreign-controlled companies. Spanish and Catalan capital, in contrast, is mainly invested in small and very small enterprises, many of which possess little entrepreneurial autonomy as suppliers to the multinationals.

Intraregional economic zones and the dynamics of their development

The various separate regions manifest what are sometimes major disparities in their internal structure. These economic imbalances hinder the development of the region as a whole, and cause disparities in intraregional prosperity. These disparities are most pronounced in the south-east of England, between the urban agglomeration of London and the rural areas of Essex. There are also substantial differences between the sub-regions of Catalonia and Rhône-Alpes. One exception is the province of Barcelona, which has the lowest domestic product per inhabitant of all the Catalan provinces.² In Lombardy, the low regional differentials indicate a very balanced economic structure within the region.

One important feature of Baden-Württemberg's industrial structure is the geographical distribution of locations (Grotz (1992)). There is hardly a single local community without its own industry, and there is a high density of industrial employment almost throughout the region. The largest single location is Stuttgart, followed by Mannheim and Sindelfingen. The largest industrial cities with

² A large proportion of labour migrants with very low incomes live in the province of Barcelona. An analysis of local communities shows that the city of Barcelona, as expected, has a high GDP per inhabitant. A full analysis is provided by Parellada (1990).

Table 4.5

Intraregional disparities (1989)
(per capita GDP of the richest and poorest areas)

Region	Richest sub-regional area	Poorest sub-regional area	Disparity
Lombardy	Province of Milan	Province of Pavia	1.17
Rhône-Alpes	<i>Département</i> of Rhône	<i>Département</i> of Loire	1.5
South-east England	Greater London	County of Essex	1.7
Catalonia	Province of Tarragona	Province of Barcelona	1.47
Baden-Württemberg	Provincial district of Stuttgart	Provincial district of Freiburg	1.26

Source: Own compilation on the basis of Eurostat data; *Il Sole 24 Ore* (1992) Lombardy.

more than 10 000 employees are spread out over the State, with the exception of the Franconia region in the north-eastern area, and the Allgäu in the south, evidence therefore of balanced geographical distribution. However, the geographical distribution of the various specific sectors displays definite areas of concentration that could easily develop, in the wake of general economic or structural crises, into the type of regional crisis that Baden-Württemberg is already familiar with. Because steel construction and mechanical engineering are sometimes heavily dependent on the car industry, its distribution tends to be similar to the latter as well. Factory locations in the electrical engineering industry are much more spatially distributed than in the sectors just mentioned. The larger urban agglomerations are important centres, however, especially the central Neckar region and the cities of Mannheim, Karlsruhe and Freiburg. There are many large plants in the precision engineering, optical and clockmaking industries in the Stuttgart region, but also in the rural parts of the southern Black Forest. The most important area for the textile and clothing industry is in the foothills of the Swabian mountains, around Albstadt, Reutlingen and Nürtingen. The chemical industry, on the other hand, is well distributed throughout the whole State, with a greater concentration in the Karlsruhe area and the Upper Rhine.

Four relatively homogeneous areas can be distinguished in Lombardy: south Lombardy, the Po valley with the provinces of Cremona, Mantua and Pavia (14.4% of the Lombardian population), is specialized in agriculture and the food industry. The greater Milan area, where almost 45% of Lombardy's population live, is heavily reliant on the service sector and industrial production. The

'urbanized backbone', comprising the southern parts of the Varese, Como, Bergamo and Brescia provinces (36% of Lombardy's population), has an industrial structure primarily based on specialized, small to medium-sized enterprises, although there are also some large companies here. Only a small percentage of the population (4.5%) live in the mountain areas, which comprise the remaining parts of the provinces just mentioned and the province of Sondrio; this is attributable to a protracted marginalization process that was only partially stopped by intensive tourism. Lombardy is seen as a kind of network of urban agglomerations with the greater Milan area at the centre. The provincial capitals represent the critical nodes for other, local, networks.

Three basic types of sub-region can be identified in Catalonia. The central economic zone around the Barcelona metropolis comprises five local districts.¹ More than 70% of the Catalan population live in this area, which is also where industry and modern services are concentrated. The economic structure is highly differentiated, as in Catalonia generally, although metalworking, textiles and commerce are represented particularly strongly. The second group of sub-regions consists of those districts with a medium level of industrialization, these areas including the traditional industrial area near the Ter and Llobregat rivers, with its heavy concentration of textile industry, the industrialized area around the Barcelona region, the industrial agriculture area around Lleida, and the Reus-Tarragona area with its textile and agricultural industries, as well as the petrochemicals complex built during the 1970s.

¹ The 'comarques' of Barcelonès, Vallès Oriental, Vallès Occidental, Baix Llobregat and Maresme.

Table 4.6

Unemployment and labour force participation rates (1990)

Region	Participation rate		Unemployment rate	
	%	Nation = 100	%	Nation = 100
Lombardy	51	104	3.4	33
Rhône-Alpes	57	104	7.2	83
South-east England	64	103	4.3	68
Catalonia	51	109	12.5	77
Baden-Württemberg	61	107	3.0	58
EUR 12	54	—	8.6	—

Source: Own compilation from Eurostat figures.

As far as the third group, the less-industrialized areas, are concerned, a distinction is generally made between the coastal areas with their tourist industries, on the one hand, and the rural areas inland.

In Rhône-Alpes, economic activity is concentrated in five separate areas. The 'Sillon Alpin' area is the location for mechanical engineering and, concentrated around Grenoble, electrical engineering and electronics. This region has a particularly strong industrial tradition. The Voi Dauphine is a relatively new industrial area where very large factories are also located. Chemicals and pharmaceuticals companies are concentrated in the Rhône valley, while the main industries in the Plaine de l'Ain are the plastics and food industries. St Étienne-Roanne is the region's traditional industrial area; it has strong traditions in the fields of textiles and mechanical engineering, but is now being severely afflicted by structural crisis. The decline of the local mining industry is also inducing many people to leave the region.

The prosperous regions display an increasing trend towards the separation of home and place of work. Good transport links within the region enable relatively large distances to be covered daily from the commuter belts and suburbs into the conurbations. The only area where there is a significant level of commuting out of the region is Rhône-Alpes; this is accounted for by the proximity and developmental level of Switzerland, the neighbouring country. For example, 14% of the workforce in Haute Savoie work in the cantons of Geneva and Waadt. Although the prosperous regions exert a powerful attraction, there is also a general trend towards outward migration from

the urban agglomerations on the part of older or higher-earning sections of the population. In the south-east of England, especially, there are strong decentralization tendencies within the region.

Labour-market problems

A key indicator of the economic well-being of a region is its rate of unemployment. Figures from 1990 relating to the prosperous regions show rates of unemployment below the respective national averages.¹ If one takes the average level of unemployment in the Community (8.3%) as a reference point, then the only one of the five regions exceeding this level is Catalonia, where the rate was 12.5%. Unemployment in the Rhône-Alpes region was 7.2%, implying a certain amount of labour-market tension. Lombardy, at 3.4%, is well below the Italian average.

Another indicator of the greater capacity of the labour-markets in the prosperous regions is their comparatively high participation rates. A direct comparison between the regions reveals considerable national differences, however. In Baden-Württemberg and the south-east of England, labour force participation rates are more than 60%, 10% percentage points higher than in Lombardy or Catalonia. The participation rate in the latter two regions is below the European average. The main reason for this is the much higher labour force participation rates among women in the north of Europe.

¹ The labour-market data were generally favourable in 1990, because the economic upswing of the 1980s had a particularly positive impact on employment that year.

Even though the labour-markets in the prosperous regions show above-average performance, this type of region is by no means immune from the generally difficult situation as far as employment is concerned. Indeed, in the prosperous regions we often find dual labour-market structures in which skilled labour is held in high esteem and therefore enjoys a higher level of job security. This contrasts with semi- or unskilled labour, which often falls victim to 'hire and fire' methods on the part of employers. This split within the labour-market occurs primarily in those regions where trade unions are weak. The prime example is Catalonia, where the low degree of trade union organization, and the extremely difficult situation on the labour-market mean that permanent employment contracts are only rarely concluded nowadays. The strong trade unions in Baden-Württemberg, favoured by a better labour-market situation, can effectively prevent such segmentation. Nevertheless, there are great differences in skill profiles within Baden-Württemberg companies, with large numbers of semi-skilled workers and exceptionally high numbers of workers with a higher level of qualification.

Compared to the other regions in the study, the labour-market in Catalonia displays major deficits in the vocational training field. Workers tend not to have completed vocational training of any kind (i.e. the second stage of vocational training), which is now a basic requirement to obtain employment in one of the large enterprises. Furthermore, the vocational training system as it has functioned to date seriously neglected the training of specialists for modern technologies (microelectronics, information technology, telecommunications, automation and control systems). There is a high demand for graduates in the fields of technology and management courses, not enough of whom have been produced in the past.

The labour-market in Catalonia has been recovering since 1985. Despite this recovery, unemployment remains at a high level because the number of those capable of working continues to rise. This growth of employment was accompanied by significant changes in the structure of employment. Tertiariation of the labour-market increased still further, even though the proportion of those employed in industry is much higher than the Spanish average and a substantial pro-

portion of new jobs were created in that sector. The rapid increase in insecure employment is one of the problems caused by this process, in that most newly created jobs are based on temporary employment contracts. Early 1991 saw a dramatic decline in economic activity, which in turn had serious impacts on employment. The results of the microcensus of employees showed an increase in unemployment for the first time, even though the number of those capable of work is decreasing.

All the regions we studied now have a rising basic rate of unemployment, regardless of their actual economic performance. Older unemployed people, the seriously handicapped and those suffering from long-term unemployment, but also a large proportion of women job-seekers are finding it very difficult to get work. In the south-east of England, ethnic minorities are among the marginal groups on the regional labour-market. Those who meet more than one of these criteria generally have no hope at all of finding work. The increasing extent to which economic growth is becoming isolated from the regional domestic product and the employment market is now forcing the economically prosperous regions to implement active labour-market policies.

The environmental situation

The dynamic development of the regional economies has led in all the regions investigated to major impairments to the quality of the environment. The ecological impacts of intensive production and the high level of consumption are increasingly perceived by the population as being detrimental to personal welfare. In general, there is an increasing willingness to change one's consumption habits.

A quantitative comparison of the environmental situation in the prosperous regions is seriously obstructed by the different methods of statistical measurement applied, however. The absence of an adequate environmental database reinforces the disinterest shown by those who bear political responsibility for the environment.

Road traffic has become one of the main causes of serious environmental degradation, especially

in the urban agglomerations. Personal transport is growing at a much faster rate in the prosperous regions than the national average as a rule. The best example is south-east England, where the volume of traffic increased dramatically during the 1980s. Hopes that road congestion could be overcome by building more new roads have only been frustrated so far. The lack of coordination between national and local infrastructure and environmental policies creates serious barriers to any environmentally sound development for the region. Traffic problems are also serious in the agglomerations of Barcelona and Milan. In Baden-Württemberg, too, road traffic is still one of the major sources of environmental pollution, despite the implementation of measures designed to alleviate environmental stresses, such as the widespread application of catalyser technology (Umweltministerium Baden-Württemberg (1992)). The main causes are the above-average increase in road traffic¹ and the relatively high speeds at which people drive.

The condition of flowing bodies of water in Baden-Württemberg has improved over the last 20 years, mainly through the construction of sewage treatment plants. In 1991, 94% of all sewage outlets were connected to mechanical-biological sewage treatment plants. Sewage treatment plants in Baden-Württemberg achieve the highest levels of purification in the whole of Germany, and cover the highest proportion of households. In Catalonia, on the other hand, between 30 and 40% of sewage is subjected to treatment (del Mar (1991)). Improved water quality is less a result of tougher environmental protection regulations or an increase in environmental awareness than a decline in contamination from industrial production. In the Rhône-Alpes region, environmental stresses mainly take the form of water pollution, whereas in Catalonia the main culprit is the chemicals industry.

The growing problem of providing clean drinking water in the Lombardy region is a result of the general decline in the quality of water. In areas where intensive agriculture is carried out, and especially the Po valley, ground and water

¹ The number of person-kilometres travelled in Baden-Württemberg per year has tripled since 1960.

pollution is increasing to such an extent that many local authorities have now placed bans on taking water from public wells and springs. The Adriatic Sea is also subjected to serious pollution from the Po Estuary, resulting in the formation of algal bloom that has hit the tourist industry on the Adriatic coast in recent years. The high incidence of illegal dumping of domestic and industrial waste has also been one of the key factors causing the pollution of bodies of water and groundwater. The very fact that a city like Milan still has no sewage works to this day speaks volumes in this connection.²

All the prosperous regions have relatively well-developed waste disposal facilities, but in many cases these are inadequate to cope with the growth in waste and comply with tougher environmental legislation. In Baden-Württemberg, these bottlenecks can now be clearly felt.³ It therefore comes as no surprise that waste is increasingly being disposed of beyond the regional boundaries, e.g. in France. The new regulations on urban waste envisage increasing waste incineration capacities, another environmentally suspect form of disposal.

Disposing of waste, both household and industrial, is becoming an increasingly serious problem in Lombardy. Similar volumes of waste are produced in the other industrial regions as well; however, Lombardy suffers from a particular dearth of disposal facilities. This leads to the spread of illegal tips, which then produce serious environmental damage due to the lack of proper control. These developments are particularly threatening in connection with industrial and hazardous waste. Lombardy produces the most industrial waste — 8.5 million tonnes each year; estimates suggest that more than 40% is disposed of illegally (Il Sole 24 Ore (1990)).⁴

² The Department of Environment and Ecology in Lombardy is currently working on a revised regional plan for the improvement of water quality, in which a survey and improvement of the sewage treatment and water purification situation in the region is envisaged.

³ In 1990, 45 million tonnes of domestic and municipal waste were produced, of which 38 million tonnes were produced by manufacturing industry. Over half a million tonnes of hazardous waste had to be disposed of in 1990.

⁴ The situation in Lombardy is significantly better than elsewhere in Italy, in that 62 of Italy's 125 industrial waste disposal companies are located in the region (Mantovi (1989)).

4.4. Institutions and regional identity

Regional identity

In comparison with the other types of region, the prosperous regions are characterized by a distinct ability to assert their regional interests. The reasons for this include historical factors as well as their respective economic strength and position within the national context. Regional identity and awareness are important factors that improve the capacity of regional forces to focus their interests. Presumed or actually existing historical factors and traditions are frequently mobilized only on the basis of concrete regional interests, sometimes while consciously accepting anti-solidarity tendencies towards the areas lagging behind in their development. Separatist tendencies, as have characterized the northern Italian leagues at times, show that regionalist movements definitely focus attention on local egotism and thus may become a danger for national as well as European cohesion.

In relation to the other prosperous regions, Catalonia certainly possesses the most distinct identity of its own. This region, which is designated as a 'nationality' in accordance with the Spanish constitution, lays claim to a special position within the Spanish State. This claim is derived from the marked differences from Castilian Spain. The Catalan language, which cannot be regarded as a dialect of Castilian but is considered to be a separate Romance language, is one of Catalonia's most important identity-promoting characteristics.

In addition to the historical, cultural and linguistic elements of Catalonia's identity, its economic

aspects are of similar importance. In Spain, Catalonia is considered to be a very industrious region whose economic strength has a significant influence on the development of the entire country. The predominantly industrial interests in Catalonia have, however, frequently collided with the concerns of the financial capital sector that is more firmly established in Madrid.¹

The spectrum of parties in Catalonia cannot be subdivided solely according to the customary 'right or left' principle; the individual groupings additionally differ according to their respective positions on regional autonomy. Since the introduction of democracy, the strongest political force in Catalonia has been the CiU (Convergence and union) Christian-Conservative coalition, led by Jordi Pujol, which has formed the Catalan regional government (generalitat) since the first elections for the generalitat in 1980. The Catalan socialists, similar to the Initiative for Catalonia (which is part of the Spanish 'united Left'), represent the second major political force in the region. In contrast to parties with regionalist or separatist goals, they advocate a federalist vision for Catalonia. In their Spanish mother parties the Catalan sections are guarantors for the protection and expansion of regional autonomy in a national context. The nationalist, traditional party ERC (Republican Left of Catalonia), which was the most important party in Catalonia under the

¹ In many cases, Catalonian capital attempted to assume national supremacy and profited from, among other things, the protectionist tariff system that screened off the national economy from the outside until Spain's accession to the EC. Integration modified Catalonia's special economic role in Spain and led to greater orientation to Europe.

founder of the Catalan Republic in 1931, Francesc Macià, until the end of the Second Republic in Spain, can no longer fall back on its former strength; it only obtained 8% of the votes at the 1991 regional elections.

Catalonia has undertaken substantial efforts to integrate itself into interregional communication and economic interrelations. A specific institution, the Catalan Patronate for Europe, was set up for this purpose in 1982. Its task is to effect incorporation of representative institutions in politics, economics and science into international and, in particular, European networks. At the local level the municipal government of Barcelona is especially active in international networks, i.e. along the Barcelona-Montpellier-Toulouse axis as well as in the Assembly of European Cities.

In Lombardy, by contrast, a regional identity or a 'Lombard regional awareness' is much more difficult to discern. Nevertheless, regionally oriented movements like the Lega Lombarda are attempting to mobilize such identity-promoting factors (Mannheimer (1991)). On the other hand, feelings of belonging, whose origins can be traced back to the Middle Ages, are much stronger at the local level. A Lombard awareness is expressed, at most, in individual common characteristics, such as the proverbial Lombard work ethic. This circumstance can be explained by a special economic environment that has proven to be extremely positive for the development of small and very small enterprises.

The conflict that exists between the legitimate representation of regional interests and the negation of national responsibility for the less-favoured regions of the country is particularly visible in Lombardy (Diamanti (1993)). The movement of the leagues has now given up the borders of Lombardy and the orientation to a common 'Lombard national identity',¹ as was typical for their programmes in the 1980s, in favour of an orientation to all of northern Italy.

Until 1992, the coalition in Lombardy was led by a centre-left government and the political landscape in the region hardly differed at all from the

national balance of power. The five-party coalition that also ruled at the national level² characterized Lombard politics until the corruption scandals. This situation changed with the election success of the Lega Lombarda in the 1990 local elections. The Lega obtained double the percentage of votes achieved at national level, surpassed the Socialist Party by quite a bit and became just as strong as the Communist Party. Solely the Christian-Democratic Party remained the strongest regional party at the beginning of the 1990s. During the political upheavals over the past few years Lombardy has become a stronghold of the government coalition elected to power under Silvio Berlusconi in 1994 (Forza Italia, Lega Nord and Alleanza Nazionale).

Its traditional function as a bridge between Italy and Europe has always influenced Lombardy's awareness as a 'European region', as is shown by the variety of contacts and cooperative activities with European cities and regions. They include above all the two working communities of European regions, Alpen Adria and ARGE ALP (Agenzia industriale di Torino (1993)). Individual Lombard cities have additionally participated in European networks such as ROME (Reseau d'observatoires metropolitanaires en Europe).

Baden-Württemberg and Rhône-Alpes, too, have only limited regional awareness. Due to historical fragmentation and later constitution as a *Land* (1952), a regional identity related to the entire *Land* has not fully developed in Baden-Württemberg (Eschenburg/Bausinger (1984)). Territorially anchored awareness is significant at a small-scale level and the former subdivisions are still visible for attentive observers. Special contrasts can be noted between Baden and the Württemberg sections of the *Land*. In 1969 an attempt was undertaken to make Baden independent via a plebiscite.

After Baden-Württemberg's political landscape during the first two post-war decades was characterized by coalition governments between the CDU and the SPD or between the CDU and smaller coalition partners (FDP and others), the Christian-Democrats then governed alone until a

¹ Party programme of the Lega Lombarda of 1983, cited according to Brindani/Vimercati (1993).

² The national coalition was composed of the Christian-Democratic Party, the Socialist party, Republicans, Liberals and Social-Democrats.

coalition again became necessary with the SPD in 1992.

A regional identity is not very well-developed in Rhône-Alpes because the region was established as a territorial authority at a late date and because of the absence of a geographic or historical unity. Today, a wide variety of locally anchored identities come together at the regional level and continue to assert themselves despite all the reforms. This particularly applies to the identity of the Lyonnais around the present regional capital, Lyons, as well as Savoie and the area of Dauphiné. Lyons' identity is based on the tradition of a rich and elegant commercial city that developed in competition to Paris. A process of combining regional interests is taking place in Rhône-Alpes primarily because of common economic goals. An important role is played by the fact that the region sees itself as a counterweight to the economic zone of Ile-de-France and views the regional capital of Lyons as a counterweight to the dominant national capital, Paris.

The region to a large degree reflects the French constellations in its political landscape, which is dominated by a centralist-conservative orientation that is also expressed in the government coalition of RPR (Rassemblement pour la République) and UDF (Union pour la démocratie française). Representation of the Socialists and Communists in the region, by contrast, is below average.

The Rhône-Alpes region has made increasing efforts to establish an international presence and contacts in recent years. For example, cooperation agreements were concluded with Baden-Württemberg and Lombardy via scientific cooperation in agriculture. Also at the interregional level, the bilateral cooperation with the south-west French region of Languedoc-Roussillon indicates increased activities.

As a 'region that is not a region', south-east England lags behind the two previous cases with regard to the formation of a regional identity. As in the other standard English regions, there is a lack of an institutional and political basis here for the establishment of a regional identity.¹ Due to

¹ Regarding the topic of the regional identity of the south-east, see the corresponding chapter in Osmond (1988).

its size and special position as the home region of the national capital, the south-east is much more heterogeneously structured and more characterized by great intraregional differences than the other regional units. Even in the metropolis of London, where nearly half of the regional population lives, the basis for identity is still determined to a great extent along the lines of social, cultural and political class. It is difficult to make out a clearly defined identity of 'Londoners'.² It is much easier, on the other hand, to identify local bases for identity along the demarcation lines of the 12 counties, certain areas, towns or urban centres that have had traditions for centuries.

As a centre of the social elites and ruling forces in the United Kingdom, the political culture of the south-east has a traditionally conservative tinge. Apart from small 'socialist islands',³ the region has long been considered to be the most important bastion of voters for the Conservative Party. This function became very evident during the era of Thatcherism in the 1980s, when at times no voting district and hardly any local authorities outside of London could be controlled by the Labour Party.

Constitutional status and financial resources of the regions

In the prosperous regions there is, as already mentioned, a well-developed ability on the part of the regional forces to combine and represent their interests. For instance, in spite of formal equality, the existing scope of competence and funding is utilized and implemented to a greater extent by the economically strong regions than in the other types of region.

Catalonia is an outstanding example of the very deliberate use of regional identity to combine the various regional interests such as asserting certain objectives with respect to the Spanish central State. Internally, Catalonia advocates the overcoming of potentially centrifugal forces by making efforts to eliminate the provincial structure, for

² On the contrary, if London's identity could be put in a nutshell, the best designation would certainly be that of a 'melting pot'.

³ Special mention must be made in this connection to the central districts in the east and south of London that are traditional strongholds of the workers' and trade union movement.

example, by incorporating the previously four provinces of Girona, Tarragona, Lleida and Barcelona into one, whose borders would then be identical to those of the autonomous community of Catalonia. The re-establishment of historical districts is intended to create traditional local relations.

On the basis of its economic strength and importance, the region has now assumed a role as forerunner in the implementation of more regional rights and competences with respect to the central State. Toleration of the Socialist government by the Catalan national party after the 1993 elections has revived the autonomy process. The transfer of central State competences to the autonomous communities was accelerated and the tax system was reformed to provide for more fiscal autonomy in accordance with Catalan demands.¹ Especially the advocacy of greater fiscal co-responsibility on the part of the regions met with criticism from the economically weaker regions.²

In Lombardy, a large number of local identities can be distinguished while hardly any identity exists at the regional level, despite all the attempts of the Lega Lombarda to form one. Rather, there are numerous historically developed local interrelations. Regional relations primarily result from economic interests and the existence of a relatively integrated big city area that dominates the entire region. It encompasses the greater Milan urban area, in which currently almost 45% of the Lombard population lives, as well as the so-called 'urbanized backbone' of the southern sections of the provinces of Varese, Como, Bergamo and Brescia, where another 36% of the population resides. The capacity to combine regional interests is based on the active role of autonomous, internal regional initiatives that increasingly express themselves in regional demands put forward to the central State.³

By virtue of the federal structure of Germany, Baden-Württemberg has extensive rights in

¹ The autonomous communities can now dispose of more than 15% of the income tax levied on their territory.

² In this connection the government head of the Spanish region of Extremadura accused the Catalonians of lack of 'interterritorial solidarity' as stipulated in the constitution.

³ An example of this is the initiative and active role of Lombardy in the efforts for a national referendum for the transfer of previously national competences in the agricultural and tourism sectors to the regions.

comparison with the other regions studied (quality of being an independent State, presumption of sole responsibility of the *Länder*, etc.). Attempts to break the more small-scale identity ties that also dominate here by setting up 12 regional associations (which are also relevant actors regarding structural policy) and to effect a balance of interests between local and regional concerns have succeeded only to a limited extent to date (Schneider (1991)).

Rhône-Alpes, too, is characterized by several economic and social zones, primarily around the competing sub-regions surrounding Lyons, Grenoble and St Etienne, making the development of regional cohesion difficult. Moreover, the region is greatly influenced by Paris centralism, although it has its own centre in Lyons. The existence of a narrow socio-economic zone of modernity in the east under the influence of the Geneva area reinforces the centrifugal forces.

As previously mentioned (Section 4.2), south-east England is politically and administratively characterized by a wide variety of local units (counties and districts) that are not supported by any other higher level of authority than the central State in London. Up to 1986, at least Greater London had its own government and central administration, which was eliminated by the central government because of contradictory political ideas and concepts. Since that time, London has been the only Western capital without a mayor's office and its own administration (see Crouch/Marquand (1986)).

The availability of a region's own or freely disposable funds represents one of the most important bases for independent shaping of regional concerns. A comparison of regional budgets underlines the different opportunities of regional governments to stipulate political scope to manoeuvre autonomously. The obvious disparities between the regions with respect to budget volume and per capita expenditure result from the economic position of the region and the respective State model. The most funds are available to the Baden-Württemberg government, for example, followed by Lombardy and Catalonia while the financial scope of the Rhône-Alpes Regional Council is very small in comparison.

A more precise analysis of the regional budgets shows that the scope for taking regional and structural policy action on the part of the regional governments is much smaller than the total figures indicate. This is because the majority of the funds is used for specified and clearly defined tasks such as education or health.

Baden-Württemberg possesses great financial power and was the biggest net payer in Germany's interregional revenue equalization in 1992. Within the tax system, this *Land* has a significant volume of its own guaranteed tax revenues; this fact provides it with a considerable scope for manoeuvre. Accordingly, the political and administrative structures of Baden-Württemberg are comparatively well-endowed; the personnel needs of the various ministries represent high individual items in the budget of this *Land*.

Today, Catalonia can freely dispose of more than 20% of the public funds within the framework of the autonomous finance system, with the help of which the public funds are redistributed in favour of the autonomous communities. However, a strong dependence on the grants within the framework of the national tax system remains since the share of taxes levied by the autonomous communities themselves is only 4.6%. Furthermore, the total debt of the generalitat is extremely high, accounting for nearly a third of the regional budget volume in 1989.

Regional scope in Lombardy is constrained by the restricted financial autonomy of the regions, even more so than the other administrative competences. Most of the regional budget (82% of the current revenues) is earmarked for health (Gizzi (1991)). Lombardy's own tax revenues only amount to 3.4% of the total regional budget; the

remainder is almost exclusively covered by central State subsidies.

The financial policy scope of the Rhône-Alpes region is still influenced by conflicts and by discussion with the other political decision-makers. The region complains about the below-average financial volume available to it. Although it represents the second largest regional budget in France in absolute figures, the population of Rhône-Alpes makes up roughly 10% of the total French population so that the share of the regional budget only amounts to 2%. Over half of the regional budget is covered by the region's own tax revenues. The significant volume of investments in the region corresponds to a clearly below-average commitment in relation to the population.

In the case of south-east England (and the other planning regions), financial endowment and budget management of the local governments were major domestic policy issues of conflict in the past decade (see Deakin (1991), Travers (1986)). Whereas particularly the municipalities in the urban agglomerations had some financial scope for manoeuvre in the past, this practice on the part of the mostly Labour-controlled corporations was a thorn in the flesh of the Conservative government in London. The conflict between local governments and the central government, which culminated in the elimination of the metropolitan municipal administrations in the mid-1980s, evolved as a result of the independent budgetary policy of local governments and led to nearly complete control of the municipalities by the central administration in London. In addition to the lack of regional autonomy, a significant reduction in local self-administration can thus be noted in the case of the United Kingdom.

4.5. Regionally and structurally relevant policies

The prosperous regions do not number among the classic target groups of regional policy, even though some of their sub-regions are, indeed, included in support programmes.¹ Nevertheless, their economic development is significantly promoted through efforts from the public sector. The economically strong regions profit, in particular, from initiatives concerning infrastructural or technological policy, which is itself oriented to the needs of this type of region in many cases. It is assumed that investments in extremely competitive urban agglomerations are characterized by a high degree of profitability and contribute in the end to the progress of the entire economy. However, the tendency to show preference for the prosperous regions on the part of industrial and technological policy initiatives works against the regional policy aim of reducing territorial disparities.

In Spain, the nomination of Barcelona as the site for holding the 1992 Olympic Games was an incentive to push forward modernization of Catalonia's infrastructure. A total of more than ECU 6 billion was invested in the region in connection with the Olympic project.² One of the objectives was to present Catalonia and Spain to the world as a modern industrial nation and thus

acquire additional foreign investors. Since accession to the EC, the Spanish government has, in general, reinforced its efforts to improve selectively the development opportunities of the dynamic regions.³ Another example of the consideration of Catalan interests is the agreement between the central government and the generalitat concerning routing of the high-speed train, by means of which the railway networks in Spain and France are to be joined in Catalonia by the year 2000.

The British government, too, has concentrated in the recent past on a few large projects such as the regeneration of the London Docklands into a modern office and service centre.⁴ This setting of priorities is a deliberate departure from the concept of reducing regional disparities. For this reason many people today refer to a 'concealed regional policy' on the part of Westminster in favour of south-east England — a circumstance that certainly has to do with London's central position and the necessities of voter consent for the Conservative Party. The classification of portions of the south-east as regional support areas, which took place at the beginning of the 1990s, bears out this presumption as well as the fact that, in return, regions in the north of England lost their support status.

¹ Four of the regions studied were able to profit, at least temporarily, from the Community's regional policy. This applies to the industrial crisis areas in Lombardy and Catalonia that were supported within the framework of Objective 2 as well as to the rural areas in Baden-Württemberg, Catalonia and Rhône-Alpes, which fell under Objective 5b. South-east England did not receive any aid from the Structural Funds, but individual counties were included in British regional support.

² The central government contributed directly or via its participation in various Olympic institutions to approximately half of the investments; see Carrau (1993).

³ However, the Spanish government is just as committed to the structurally weak regions in the south. This was expressed, for example, in the selection of Seville as the site for holding the 1992 World Exposition. By contrast, the central government devotes little attention to the areas of declining industry in the north of Spain.

⁴ The budget of the development agency for the London Docklands in 1990/91 was UKL 210 million (ECU 300 million) and thus less than during the peak years in the mid-1980s. However, this amount is higher than all expenditures on government regional policy and comprises 60 to 70% of the total expenditures for all urban development agencies of the country.

Within the framework of constitutional guarantees, the Baden-Württemberg State government possesses extensive regional policy competences that enable it to develop its own activities. Lombardy and Catalonia also have legislative competences in the economic sector which are greatly restricted by the stipulations of general federal legislation, however.¹⁸⁴ Catalonia's firm demand for autonomy makes it possible for the generalitat increasingly to set its own economic policy focus. The regional council in Rhône-Alpes, on the other hand, possesses no legislative competences, thus additionally reducing the possibility of pursuing independent policies. The joint efforts of the municipalities in south-east England are not able to make up for the lack of regional representation either.

Specific policy fields

An astonishing level of homogeneity of basic economic policy views can be found in the prosperous regions. In principle, there is a basically favourable attitude towards competition in all regional governments while subsidization of certain enterprises and sectors hardly plays any role at all. As a rule, support of large enterprises is a task of the central government. Regional business support is primarily oriented to medium-sized enterprises, which are supposed to represent a special innovative force. The various institutions involved in technology transfer and export promotion are geared to this clientele.

Labour-market and training policy

The field of regional labour-market and training activities is essentially determined by the national institutional framework, though to a differing degree in each case. In Baden-Württemberg, as in all German *Länder*, for example, the Vocational Training Act of 1969 forms the basis of vocational training in enterprises, which is the most important form of vocational training. Since the mid-

1980s, however, the total number of trainees has declined. The main causes cited for this trend are the decreasing number of school-leavers, the increasing trend towards pursuing university studies and the dwindling attractiveness of individual training courses. The State government implemented its own programmes in the area of vocational training. The programme for training and further training provided various amounts of funding to help cover the training and accommodation costs of courses organized by trade and industry, while the State's support scheme for training and further training centres provided assistance with the setting up, expansion and modernization of industry-wide educational centres.

The activities of the Rhône-Alpes regional council in the field of education and training are essentially determined by the French vocational training plan.² The Rhône-Alpes region shows more commitment for vocational training than other French regions. Overall, the regions are responsible for a tenth of the total expenditures on vocational training, the enterprises finance more than half and the national State a third.³ The 'necessity for further decentralization of the educational system' as stipulated in the vocational training plan and the demand for regions 'to implement their autonomy' were welcomed by the Rhône-Alpes regional council, but have only been partially elaborated into an actual strategy.

Education and training also play an important role in the employment policy initiatives of the Catalan generalitat after the regional government was entrusted with the implementation and design of the programme for further and continuing vocational training in 1992. Some of the further and continuing training programmes of the generalitat represent a certain continuity of the current measures of the national labour administration; however, the regional government is attempting to incorporate its own ideas to a greater extent. It is still too early for a general assessment as to the degree to which the generalitat will be able to overcome the bureaucratic and

¹ Article 117 of the Italian constitution regulates the competences of the regions that have a normal statute; the economic competences primarily concern the basic economic conditions as well as the craft sectors and agriculture, but not industrial policy in the strict sense. Regarding legislation in Lombardy in the economic sector, see IRER (1993); regarding the legal framework of Catalonian economic policy, see Costas (1990).

² The first longer-term vocational training plan was adopted in 1985 and then amended in 1988 and updated in 1991.

³ Enterprises and the region each finance 46% of the apprenticeship training costs while the central State assumes the remaining 8%. Construction and maintenance of grammar schools, which are also among the responsibilities of the regions, represent the largest item in the 1992 budget with an amount of FF 1.13 billion.

conceptual shortcomings of INEM, the national labour administration, and to carry out a decentralized employment policy which is oriented more to the actual needs of the regional labour-market and in which labour and management are also more intensively involved.

A new direction in vocational training in Catalonia was taken via the 'Agreement on continuing vocational training' (Acuerdo Nacional sobre Formación Continua), which was signed by the employer organizations and the trade unions in Catalonia and went into effect in 1993. This agreement stipulated the basic principles of continuing vocational training for gainfully employed workers. A commission composed of representatives from the government, the employer organizations and the trade unions at central State level was entrusted with implementation of the agreement. It has not been clarified yet as to what extent continuing vocational training will be organized on a centralized or decentralized basis. The most important employer organizations and trade unions in Catalonia have recently demanded decentralized implementation of the agreement in this connection.

After elimination of the Greater London municipal administration, which drafted its own initiatives concerning employment and labour-market policy, there is a lack of an independent employment policy in south-east England as well as in other British regions. Similar to the case of other fields of policy, the practice of launching national programmes and initiatives is fragmented and uncoordinated. At the municipal level there are more than 100 local Training and Enterprise Councils (TECs) that are involved in the field of vocational training and continuing vocational training. The councils were set up all over the country at the initiative of the central government in 1988 and are partially financed by the latter. However, the councils receive most of their funding from the private sector. The smaller councils, which are very active and innovative, such as the West London TEC, have extremely few opportunities to participate in labour-market policy. The large councils are gradually being dissolved. Furthermore, the councils tend to concentrate on the least qualified workers since they only cover the employment sectors of the local markets and completely leave out the better trained

professions as well as the technical occupations. It is becoming evident that, despite initiatives on the part of the private sector, a public employment policy is also necessary in the south-east to combat the increasing labour-market problems.

The labour-market policy in Lombardy is divided into orientation and training courses and support measures for job placement (Varesi (1993)). Primarily occupational orientation, which is carried out by the further training centres CITE (Centri per l'Innovazione Tecnic-Educativa), falls within the sphere of responsibility of the regional government. The measures are mainly aimed at particularly disadvantaged unemployed groups (women and young people) while large deficits continue to exist in other employment policy areas.

Vocational training work in Lombardy still suffers from the fact that priority is given to employment problems. The proliferation of training programmes offered especially for young people, the low efficiency, the lack of strategic orientation by the region of Lombardy as well as the constant changes in the basic conditions make it necessary to restructure fundamentally vocational training policy. In fact, the region has a great need to improve its own role. Today it is hardly able to steer training work in a certain direction or to check whether it corresponds to the demand on the labour-market.

As in the rest of Italy, an employment agency (Agenzia per l'impiego) subordinate to the Italian Minister for Labour was created in Lombardy in 1991 to support job placement work. The regional actors take part in the management of the agency via an employment commission. Up to now the agency has restricted itself to supporting placement of the unemployed persons registered in the so-called 'mobility lists'.¹ Its responsibilities include harmonization of national and regional employment policy.

Cofinancing of employment policy measures by the European Social Fund (ESF) also plays a significant role in some cases in the prosperous

¹ The unemployed persons recorded in these lists have preferential access to the labour-market within the framework of industry-wide agreements. They differ from those unemployed persons who continue to be allocated to an enterprise and belong to the wage compensation fund (Cassa integrazione).

regions. In Catalonia, the aid is of special importance due to the very high rate of unemployment there. In particular, further and continuing vocational training was substantially stimulated through financing from the European Social Fund, the proportion estimated as being 40% of the Catalan budget for further and continuing training. In accordance with Objectives 3 and 4, the funds were primarily used to combat long-term and youth unemployment.

In the other regions support through the Social Fund had far less importance. In Baden-Württemberg a total of ECU 2 million was available in 1991/92 for programmes to combat long-term unemployment (Objective 3), nearly half of which was financed from the Social Fund. These funds were mostly provided for the State programme to combat long-term unemployment and other labour-market policy programmes of the *Land*.

Technological policy

Common development ideas concerning regional technological policy can be found in all regions studied. Research and development are generally regarded as strategic areas which are crucial for the position of a region in international competition. This favourable attitude towards progress on the part of the regional governments is shown by the selective support of high-tech sectors. The target groups of regional technological policy are usually medium-sized enterprises whose contacts with public research are supported through technology transfer institutions.

In 1984, regional and technological support as well as support for medium-sized enterprises were combined in Baden-Württemberg. The focal points are practical economic, application-oriented research, further development of the technological infrastructure as well as measures for supporting individual enterprises, primarily in the use of new computer-aided techniques. Indirect support measures are preferred over direct subsidies.

The central institution of Baden-Württemberg's technological policy is the Steinbeiß Foundation (Steinbeißstiftung) whose chairman is the government coordinator for technology transfer in the

Land.¹ The foundation coordinates the entire technological consultation activities and carries out the technological support programmes jointly with the Landeskreditbank. It operates 16 technical advisory services at polytechnics and runs more than 100 transfer centres in the *Land*, which are, in turn, closely linked to the universities.² The consultation structure in Baden-Württemberg also includes the innovation consultation centres of the Chambers of Industry and Commerce and the technology transfer offices at the universities. Moreover, the *Land* possesses more than 12 technology centres that support the location of enterprises by providing rooms and equipment.

In contrast to the initial euphoria, the employment and innovation policy effects of technological policy in Baden-Württemberg up to now are examined in a more sober light today. The consultation services offered were utilized to an inadequate extent by the small and medium-sized target groups and it became clear that the large enterprises are still the ones that primarily profit from research and development support.

In Catalonia, regional technological policy is impaired by a conflict in competence between the generalitat and the central government that has existed since 1986 and has not yet been clarified by the constitutional court. In spite of these legal uncertainties, the regional government is making efforts to set its own technological policy focal points.³ Since 1980, the CIRIT Commission (Comissió Interdepartamental de Recerca i Innovació Tecnològica) has been entrusted with Catalan technological policy. The policies of the various individual departments of the Catalan government are coordinated and combined in the commission. The technological strategy is aimed at facilitating technology transfer between research institutions and enterprises and interlinking the respective activities with business sup-

¹ The origins of the foundation date back to industrialist Ferdinand Steinbeiß, with whose assets the institution was financed in 1868. The present Steinbeiß Foundation for Business Support is a newly established institution dating from 1971. It is the third pillar of Baden-Württemberg's economic support, in addition to the State business office and the foreign trade foundation.

² The mostly self-financed finance volume of the foundation was DM 80 million (ECU 39 million) in 1991.

³ The generalitat assumed 7% of the total expenditures for research and development in Catalonia in 1987 (CIRIT (1991)).

port.¹ Through these efforts the generalitat is in the process of reducing the technological backwardness with respect to the leading regions.

In Rhône-Alpes, too, the regional council is attempting to stimulate the technological development of its economy with its comparatively modest funds. One of the focal points of Rhône-Alpes' technological policy is the support of new technology that is intended both to make the development of the high-tech sectors possible and to support the modernization of the traditional industries. In coordination with industry and the representatives of the central State, the regional council has defined the focal points of technology, which include production technology, information technologies, microelectronics, software, laser technologies, new materials and biotechnologies. Each technological focal point is laid out in a several-year programme and selectively supported.

Another area of Rhône-Alpes' technological policy is the setting up of transfer centres (Centres Régionaux d'Innovation et de Transfer de Technologie) for medium-sized enterprises that occupy a position between research institutions and companies. The transfer centres, however, were not entrusted with their own research, but solely served to transfer the results of other institutions to industry. The success of this policy was limited. In a new phase, the regional council is supporting direct contacts between research laboratories and industry. The large number of research and development projects that are jointly developed and implemented by the State research institution CNRS (Centre National de Recherche Scientifique) must be underlined in this connection.

The technological initiatives of Lombardy's government are primarily directed at small and medium-sized enterprises. One focal point of these activities was the regional project for technological innovation, with which the regions selectively incorporated several levels of authority into technology support. The Centre for Technological Innovation (CESTEC) is the region's most important support instrument, in providing

technological and organizational consulting services to small and medium-sized enterprises and supporting technology transfer. In addition, there are seminars and training programmes that are intended to disseminate a modern corporate culture. The regional financing agency FinLombarda acts as an intermediary for financing options or provides them itself.

On the basis of the act regarding technological support of 1985 in Lombardy, the region promoted applied research within the framework of research contracts and supported individual innovation projects of small and medium-sized enterprises.² Another technological policy initiative is the act regarding development of quality assurance systems, which is also aimed at supporting small and medium-sized enterprises.³

In south-east England there is a lack of a regionally directed strategy of technological development. The Department of Trade and Industry supervises a number of programmes, most of which are carried out by its local branches. The latter support technological development through regional technology centres, scientific assistance and technological support programmes. The London Technology Centre was established in 1990 as part of a network of 13 centres in England, Wales and Scotland. Because of their low funding, the technology centres are extremely limited in the amount of consulting they can provide to smaller firms, where there is considerable demand for further training programmes, particularly in the field of technology and innovation.

Environmental policy and ecological structural transformation

Ecological impairment of the natural environment is increasingly seen in the prosperous regions as a shortcoming in their own development. Citizens' action and environmental groups, which can be regarded as an expression of an increased ecological sensitivity in this type of region, have established themselves particularly in the sometimes highly polluted urban agglomerations. Regional environmental awareness also

¹ In 1989, a total of 667 agreements on technological cooperation were concluded between universities, enterprises and the economic development agency CIDEM (Centre d'Informació i Desenvolupament Empresarial).

² This act went into effect in January 1987 and was amended several times due to its unsatisfactory results. Up to now more than 200 individual projects have been supported.

³ Roughly 500 projects have been supported within this framework.

promotes the activities of regional governments that possess comparatively far-reaching competences in the environmental field.

Regional environmental policy began relatively early in Baden-Württemberg. As early as 1974, the Environmental protection in Baden-Württemberg programme was decreed as a basic guideline and has been updated since then (Borcherdt (1991)). The Ministry of the Environment of the *Land*, which coordinates the corresponding activities, is responsible for Baden-Württemberg's environmental policy. In comparison with the other cases investigated, Baden-Württemberg's environmental policy is extremely comprehensive.

In Lombardy, environmental policy is also a field of action of the regional government, though the relations between State and region are extraordinarily complex there. At the time of their creation, the Italian regions were not given any competences at all concerning environmental protection. Since 1977, they have had their own responsibilities in the environmental field which, however, are extensively subordinate to the demands of economic growth. Activities in connection with Lombardy's environmental policy have concentrated up to now on drawing up water protection and air pollution control plans. Furthermore, the regional government is making efforts to coordinate its environmental policy with regional planning. A strategic orientation of Lombardy's environmental policy exists only to a limited extent, however. In general, the environmental policy activities continue to suffer from the fragmentation of administrative responsibilities between the national ministry, region, provinces and municipalities.

Catalonia has possessed a regional environmental policy only for a relatively short time. The Catalan Directorate-General for the Environment was set up in 1988 and carries out the environmental policy of the *generalitat*. Apart from some lack of clarity on competences between the various State levels that possess responsibilities in the environmental field, it can be said that Catalonia is making significant efforts in this area. This applies above all if it is considered that practically no environmental policy at all existed previously in Spain. In spite of all of this, it is still a very new field of activity that is in the full process of development and whose results are very different

within the various departments and levels. There are currently diverse initiatives for conserving and improving the environment. Their objective is to supply the region with the infrastructure necessary to monitor and reduce air pollution, to reduce industrial wastes as well as to promote environmentally sound production processes. Conservation and treatment of water reserves are particularly important for the further industrial development of the region and, at the same time, as a prerequisite for a better quality of life in the urban agglomerations and tourist areas (del Mar (1990)).

The lack of coordination between national and local actors is a major handicap of the environmental policy in south-east England. The growing demand for roads, railway lines and flight connections, including the necessity of connections to the Channel Tunnel and the expansion of overland trains to London and connections to Docklands, confirms the urgency of uniform strategic planning for the region.

In Rhône-Alpes, too, there are several indications of a growing environmental policy commitment on the part of the regional council. The environmental expenditures between 1990 and 1993, for example, increased substantially, though they still do not make up more than 3% of the regional budget. A process of rethinking is emerging, especially in the area of mountain and winter sports since the negative consequences of 'total expansion' became evident at the time of the Winter Olympics in Albertville. Overall, however, environmental awareness in the French regions under study is relatively undeveloped.

Despite the growing attention paid to ecological aspects, the prosperous regions are still far from becoming a model of 'sustainable' development. Ecological commitment is still viewed more as a correction of deficiencies than as a means of fundamentally redirecting the region's economic course. Purely economic constraints frequently prevail in crisis situations. A sign of hope, on the other hand, is the fact that the technological options open to the prosperous regions are increasingly utilized for the development of environmentally sound production and process techniques. Ways of reducing the conflicts of aims between economy and ecology are emerging in this connection.

Assessing the paths of regional development

The prosperous regions studied number among the clear winners in the process of European integration. Their favourable position in the competition among regions can be regarded as the continuation of a successful development history corresponding to an advantageous location on the major European development axes. Against this background, the future development prospects can be fundamentally assessed as more positive than in the other types of region. However, even this type of region is not devoid of structural problems.

Baden-Württemberg's prospects can be assessed as generally favourable in view of its proven competitiveness and developed technological potential. Through initiatives such as Future Commission Economy 2000, the State government is displaying a remarkable willingness to actively shape further development of the *Land* in a dialogue with the other regional actors. Under the direction of the Ministry of State, the commission has worked out new perspectives for the industrial region of Baden-Württemberg by means of an evaluation of the technological development of the world economy, the prospects of the European single market and the development in Eastern Europe. Permanent groups of experts were formed at the Ministry of the Economy to examine perspectives and solutions deriving from cooperation based on partnership between large and medium-sized enterprises and to discuss strategic operationalization options in the sectors, key technologies and foreign trade (Baden-Württemberg Ministry of State 1993).

The economic crisis in the automobile market led to a broad debate on the future of car production in Baden-Württemberg, i.e. on the structurally important 'clusters' of the regional economy. On the basis of the 'life cycle hypothesis', there is a fear that the motor vehicle as a product is 'ageing'. It is assumed that this individual form of motorized transport is now reaching its objective, ecological limits. This debate, in which the trade unions have also been involved, has yet to be taken into account in the economic policy of the *Land*,

however. Nevertheless, there are still relatively good preconditions for a socially and environmentally compatible restructuring of the region on the basis of alternative transport concepts and environmentally sound production technologies. Not least of all, the great potential in the field of research and development could be exploited for such a policy.

In Lombardy, the region's own development prospects are fundamentally viewed as positive. This optimism is based on a successful economic history and the favourable location in the European single market. The regional economy is seen as a flexible and innovative network that will enable a high degree of competitiveness in the future, too (IRER (1993)). The guiding principle of Lombardy's industry is the concept of a technological agglomeration that can assert itself in international competition. Technological centres and training facilities that are in direct contact with the needs of business enterprises are extensively available. Milan as a whole is even characterized as a large science park in some cases. One of the obstacles standing in the way of such successful development is the inadequate coordination and planning. If it is possible to overcome these problems, then Lombardy should be able to extend its role further as a 'bridge' between Italy and other progressive regions.

The Rhône-Alpes region is considered to be a 'European accelerator'.¹ Regional development perspectives are seen in greater integration into the European economy, with strategic significance attached to cooperation within the initiative of the 'four motors'. The intensive cooperation with other modern industrial regions in the European Union have considerably reinforced European awareness in Rhône-Alpes as well as its identity as a regional community. Nevertheless, the Rhône-Alpes regional council remains the weakest link in this regional quartet with regard to competences and financial endowment.

The special qualities of the Rhône-Alpes economy include its modernity and its high level of technology. Networking of industry and research is certainly exemplary for other regions. However,

¹ 'L'envol européen', *Le Monde supplément*, April 1992.

the company size structure does not correspond to the distribution in the other leading European regions. Particularly the size of medium-sized enterprises is too small for European competition in many cases. On the other hand, a positive point is that the region is increasingly developing into an important service sector. Expanding sectors such as the media industry thus qualify the picture of a purely industrial region.

For Catalonia, European integration is the decisive vehicle for strengthening regional autonomy in a 'Europe of regions' as well as asserting itself economically as a modern industrial region.¹ The backwardness in economic development remains extensive despite the 'small economic miracle' of the 1980s. The structural problems which still have to be solved and which Catalonia shares with the rest of Spain are primarily due to the technological backwardness, the increasing economic dependence on foreign capital, the high rate of unemployment and the precarious employment conditions.

Considerable efforts are being undertaken to maintain or even raise the region's competitive position. The industrial policy of the Spanish government and of the generalitat was aimed at overcoming the economic weakness of Catalan industry, particularly via aid to local industry in order to provide greater coordination of local and foreign investments. Regional policies focus on areas that might substantially improve the competitive opportunities of the Catalan economy in the medium term². They include above all training, infrastructure as well as research and development.

¹ The Institute for Mediterranean Studies (ICEM) of the generalitat has published detailed information on Catalonia's development perspective under the title *Catalunya a l'Horizont 2010. Prospectiva mediterrània*, (ICEM (1993)).

² An important orientation point for Catalonian economic policy is a study on the competitiveness of the Catalonian industry (Porter (1992)) in which the future 'cluster' of the region was elaborated. In the Spanish context, this 'cluster' includes consumer goods, the health system and the basic chemical industry; internationally the sectors of industrial systems (automobile production, household appliances, etc.), tourism and product design (jewellery, textiles, furniture, etc.) are regarded as especially competitive.

Technical and organizational restructuring of Catalan enterprises largely took place through foreign investments, in many cases even existing companies were taken over. In spite of all efforts, therefore, Catalonia cannot as yet be considered to have a coherent and coordinated industrialization strategy. In this respect the economic downturn of the early 1990s shows that the preceding phase of recovery was definitely of an economic nature and it has not been possible to date to create the basis for sustainable development of an economy that continues to open up internationally. European 'competition among regions' thus remains a challenge that has not yet been surmounted in Catalonia.

South-east England has certainly profited the most from the economic and social transformation initiated by the Thatcher governments in the United Kingdom after 1979. Deregulation of the financial services and the property markets, combined with the privatization of public-sector enterprises and major public utilities triggered off a boom on the capital markets during the 1980s, from which London and the south-east as the service and finance region profited most. To this extent, the region appeared to be unaffected by the industrial crisis that intensified at the same time, even though there were 'islands' of high unemployment.

The favourable prospects of this economic strategy, which focuses almost completely on the service and finance sector, had to be reviewed, at the latest, by the early 1990s, when the south-east was hit by the recession and at times recorded by far the highest growth in unemployment figures among all British regions. The region will probably remain by far the strongest economic and most dynamic British region, though it will increasingly face competition from other European cities and urban agglomerations with respect to its specialization in financial services. Against this background, the complete lack of a coordinating regional economic policy facility will probably represent an enormous development obstacle.

4.6. Trade union presence at enterprise and regional level

The historical profile of the regional trade unions

The profile of the trade unions in the prosperous regions is characterized, on the one hand, by a mixture of great readiness and capacity to mobilize and, on the other hand, by a more consensus-oriented than conflict-oriented attitude. These are structural features that have developed in the course of long historical processes. The high capacity for mobilization was based on a high degree of organization and self-confidence of the labour force that led again and again to hard collective bargaining and labour struggles. They were usually connected with a positive economic situation that generally improved the scope for distribution and often enabled the trade unions to achieve substantial concessions. In this manner, the trade unions were able to consolidate their position as negotiation partner in many conflicts and formed a positive attitude to the prevailing model of competition on this basis. Today this strategy permits them to deal with the permanent structural transformation and work towards a socially acceptable way of shaping it.

The development of the Lombard trade union movement must be seen in connection with the Italian economic system as well as with the national trade union conditions. In contrast to the two other regions of the north-west 'industrial triangle', Liguria and Piedmont, Lombardy is characterized by a far more heterogeneous and private-industry type of economic structure (Biffignandi (1987)). Due to the generally late

industrialization of the country, the Italian trade unions only played a subordinate role for a long time in comparison with other, more political forms of representation of the workers' movement. Development of an institutional framework of industrial relations was not possible until the 1960s. The so-called 'factory towns', in which a compact labour force formed, came into being in Lombardy during the phase of industrialization, which was primarily concentrated in the urban centres. The struggle for wages represented the core of the trade unions' demands, even though it was not the only element that led to dramatic and conflict-laden conditions in the working world because, among other things, hasty and forced urbanization brought about a profound deterioration of living conditions for employees.

In Rhône-Alpes, too, the long industrial tradition forms the historical basis of the regional capacity for organization and mobilization on the part of the trade unions. Primarily in the 'industrial bulwarks', there developed a strong workers' culture that made the workers' movement in the region well-known beyond its borders through the struggles over the introduction of 'white coal', i.e. the substitution of water energy for coal. With regard to the post-war period, special mention must be made of the long struggle for preservation and further development of existing industry in the 1960s that culminated in the May revolutions of 1968. The conflicts concentrated on the large industrial complexes of Rhône-Poulenc, Remington, Bull, Valentini and Berthiez and anticipated later demands that were primarily

directed at preservation of the regional industrial base and its autonomy. In this way the trade union movement achieved for the first time a regional dimension which from then on increasingly characterized the main issues and fighting strategies of the Rhône-Alpes trade unions.

In Catalonia, the situation of the regional trade unions was greatly influenced by the suppression during the Franco regime and the democratic transition, which emphasized the national level for the trade union organizations, too. Consolidation of the democratic system was one of the central trade union aims; this option later had an effect on the orientation of economic policy strategies and on the desired model of industrial relations. The close link between the trade unions and the political parties is typical of the entire Spanish system of workers' organizations; however, the Catalan trade unions have developed their own profile, as reflected by the strategic option for the Catalan 'national cause' and by the support of political autonomy in the region.

During the transition from dictatorship to democracy in Spain the most important representation organizations of the Catalan workers' movement were the Catalan workers' commissions CONC and the workers' union USO, both of which only had a weak and scattered membership base, however. Moreover, associations of workers existed without any clearly defined trade union affiliation. At that time, reference to consolidated trade unions could only be made to a certain degree; they were more a strong workers' movement under whose wing various political organizations and streams existed next to each other and which was united by the common goal of implementing democracy. Another striking feature of this phase was the decline of the anarcho-syndicalist movement that was the strongest trade union organization in Spain prior to Franco, especially in Catalonia.

During the first years after the democratic transition the trade union landscape was characterized by a far greater establishment and significance of the Catalan workers' commissions in relation to the UGT. The organizational force of the UGT constantly increased during the years following the Franco regime and was particularly successful in the more modern sectors of the economy.

The trade union movement in Baden-Württemberg reached its high point within the German union movement in the period after 1945 and thus was based less on long historical traditions than was the case in other regions. The regional trade unions played an important role in the conflicts over the definition of general social as well as company co-determination in the 1950s and 1960s that led to enactment of the Industrial Relations Act. The Baden-Württemberg trade unions also played an important role in the union protest actions against the remilitarization of Germany and state of emergency legislation in the 1960s.

In many respects, the Baden-Württemberg organizational structures assumed the role of a forerunner among German trade unions, especially as far as the two sectoral trade unions, IG Metall and IG Druck und Papier (today IG Medien) are concerned. In several spectacular collective bargaining conflicts, both trade unions were able to push through major improvements for employees at the *Länder* level that were later adopted nationwide as well. Collective agreements concluded in the region had a model function for other collective bargaining districts. In the wage struggles in 1963 and 1971, for example, Baden-Württemberg was declared to be the main region of struggle due to the existing organizational strength of the metalworkers' union (Abmayer (1991)). In the collective bargaining negotiations during the 1970s and 1980s, too, substantial improvements regarding working conditions, co-determination rights and other collective agreement issues were achieved in the region, particularly in the metalwork and media sectors, improvements that then obtained nationwide relevance. Introduction of the 35-hour week in the Nordwürttemberg-Nordbaden collective bargaining district against the bitter resistance of the Christian-Democrat-Liberal government in Bonn is one example of the national significance of the labour struggles of the Baden-Württemberg trade unions.

By contrast, although the trade unions in south-east England can look back on a history with a rich tradition, today the region is regarded within the United Kingdom as the one with the weakest trade union presence at the enterprise level and in public life.

Especially the workers' movement in London was among the forerunners in the entire British trade

union movement. Primarily London's port sector, shipbuilding and the printing industry played a major role for the industrialization and modernization of the United Kingdom and it was in these sectors that the employees were able to push through important demands with regard to wages, working hours and labour law. The first Trade Councils, for example, resulted from the strikes of the London dock and harbour workers in the years 1859 and 1860. These local trade union councils were the nucleus of the trade union organizations and also provided impulses for the linking of employees' interests in politics.

From that time to the present, the history of the south-east trade union movement and its influence has reflected the economic and social history of the region and its significance for the whole country. The harbour workers in London and other south-east coastal cities as well as the mining trade unions, for example, were among the individual unions with the strongest organizations and the greatest readiness to struggle for workers' interests up to the 1970s. They shaped the image of British trade unions in general and reached their high point in the nationwide strike activities during the 'winter of discontent' in 1978/79.

As a result of the decline of London's port economy in the 1970s, the restructuring of the printing industry,¹ the poor public image of the trade unions and the political change after 1979, the trade unions generally suffered a greater loss in their importance and influence in south-east England, the major political bastion of Thatcherism, than in other parts of the country. Some trade unions became almost completely insignificant here in the course of the extensive deindustrialization processes. At the beginning of the 1990s, the workers' organizations were faced with a number of organizational reform tasks that had hardly been tackled previously as well as with the recruitment of previously neglected occupational groups and, not least of all, with the regaining of social influence in politics and in public at the local level.

¹ The rationalization and reduction of jobs in the printing sector at the beginning of the 1980s not only led to several years of labour struggles on the part of the mining workers but also to what were certainly the most militant and hardest collective bargaining conflicts of the decade.

The regional presence of the trade unions

As already mentioned, the relevance of the regional level as a structural policy field of work for the trade unions is substantially determined by the political-institutional anchoring of these territorial subdivisions. Furthermore, the ability of the trade unions to concentrate their forces even beyond political-ideological boundaries seems to be an important prerequisite for articulating and asserting trade union interests at the regional level.

As an extremely industrially oriented region, Lombardy has the highest proportion of trade union members with a total of 1.5 million.² The degree of trade union organization in Lombardy in 1992 of 33.7% was, however, lower than in the regions with pronounced ideological traditions, such as Catholic Venetia or the socialist- and communist-influenced Emilia Romagna (Di Nicola (1991)). In accordance with the economic structural transformation, membership has been affected by a relative decline in the proportion of industry and the growing importance of the service sector. In Lombardy, too, a larger share of no longer active employees can be noted among those organized in trade unions than in most other Italian regions. Today the metalworkers' unions of all three confederations still represent the most important individual trade union representing workers' interests while other traditional industrial sectors, such as the textile or chemical industry, became less significant due to the far-reaching restructuring process.

The trade unions in Lombardy are characterized by a high capacity for mobilization that is expressed in extremely unitary tendencies. The great closeness between the trade union federations is not least of all attributable to the fact that the head officials have relatively loose party ties (Ronchi (1990)).

As in the other regions of Italy, a growth in the importance of independent trade union

² In 1990, the CGIL had 794,758 registered members, which represented 15.4% of their total Italian membership. With 576,196 members, the Lombard sections of the CISL had 16.4% of their national membership while the UIL had a proportion of 15.2% with 159,260 members.

1

Table 4.7
Regional membership figures and degrees of organization

Region	Union	Membership (1 000s)		Degree of organization %	
		Region	Total	Region	Nation
Lombardy	Total	1 530	10 094	40.6	47.4
	CGIL	795	5 150		
	CISL	576	3 508		
	UIL	159	1 435		
Catalonia	Total	213	1 515	13	17
	CONC	135	765		
	UGT	78	750		
Rhône-Alpes	Total	no data	no data	no data	12
	CGT	60	2 331		
Baden-Württemberg	DGB	1 186	11 850	27.4	38
South-east England	TUC	2 395	8 397	30	37
	Unison	330	1 513		
	TGWU	296	11 276		
	GMB	177	863		

Note: All data are based on 1990 with the exception of Catalonia and south-east England (1992).

Source: *Regional Trends*, No. 26, 1991, p. 148/49; *Employment Gazette* 1/1993, pp. 686/87; Di Nicola (1991); our own calculations on the basis of EUREG case studies and data of the trade union federations.

organizations and protest unions, which increasingly question the representativeness of the three large trade union federations, can be observed in Lombardy, especially in the service sector. Special mention must be made in this connection of the trade union initiative SAL (Sindacato Autonomo Lombardo), which was founded by the Lega Lombarda with the aim of representing the national interests of the Lombard people (Barenghi 1993).¹

The organizational strength of the trade unions in Rhône-Alpes corresponds to the French average, though the region has suffered a greater decline in membership since the mid-1980s than other parts of the country. Despite the fact that no exact figures are available regarding trade union anchoring at the regional level in France, Rhône-Alpes is certainly no longer a stronghold of trade union representation today. As in Lombardy, the high percentage of old age pensioners here is a striking indication of the membership structure.²

The strength of the various representative trade union federations in the region can be seen in the election results of the works committees. They confirm that the dominance of the CGT with a figure of 27.9% is more pronounced in Rhône-Alpes than the French average (25.9%). At 23.1% the second strongest organization, CFDT, is also above the national average (20.9%). The organizational strength of the other trade union federations in Rhône-Alpes, on the other hand, is below the national mean.³

As in the other French regions, the influence of the representative trade union organizations is also steadily decreasing in Rhône-Alpes while a growing influence of grass roots trade union initiatives can be noted. At the social elections the success of the 'unorganized' employee representatives is especially striking. The decline of the communist CGT is also remarkable, reflecting the general downward trend in the importance of the traditional worker cultures in the region.

¹ The SAL wants to eliminate the contrast between employees and employers via the identification of a common enemy, the central State, in accordance with corporatist trade union models. The number of members is difficult to estimate, but is certainly fewer than the 15 000 to 35 000 stated by the trade union itself.

² Of the 60 000 members of the CGT in the region, for instance, more than one third are retired.

³ The CFTC organizes 3.2% in the region (nationally the figure is 4.2%), the CGT-FO 8.9% (12.4% nationally), the CFE-CGC 4.9% (6.1% nationally) and the independent trade unions organize 4.3% (5.6% nationally) of the regional union members. (Ministère du Travail (1991)).

Anchoring of the regional level in trade union structures remains weak today although the establishment of the region as a new territorial authority brought a growing interest in regional issues. This trend is most noticeable in the case of the CFDT, which is making greater efforts to upgrade the regional level. The trade union is currently the only organization that possesses a regional federation whereas the CGT and FO have merely set up regional committees.

In Catalonia, on the other hand, trade union presence has been characterized by an increasing concentration on the two large trade union federations in recent years. Today the CONC organizes 135 000 and the UGT 78 000 union members. With a figure of 13%, the regional degree of organization lies below the national average of 17%.¹ The respective weight of the two federations differs from the national level. Catalonia is the only region in Spain in which the workers' commissions have been able to maintain the largest percentage in the works council elections since the democratic transition. The gap between CONC and UGT is gradually decreasing here, too, however. The Catalan trade unions are generally more strongly established in the region than may be presumed upon first glance at the degree of organization. This can be seen in indicators such as the turnout at the works council elections, an important institutional criterion for representativeness, or the great capacity for mobilization on the part of the trade unions during struggles or strikes.

In Baden-Württemberg, the DGB trade unions organized slightly fewer than 1.2 million members in 1990, i.e. nearly 15% of all union members in the old *Länder*. An increase in white-collar workers at the expense of blue-collar workers can again be noted here. IG Metall represents the dominant individual union in the region; in 1990, it organized almost half of all trade union members. The second largest individual trade union is ÖTV, in which slightly fewer than 11% of the regional union members were organized.

¹ This figure can be explained by the rapid loss of members in the two large federations during the 1980s. However, only the 'representative' trade unions were included in the calculation of the degree of organization. If the members of the other trade unions (CSIF, USO, CGT, CNT, etc.) were also taken into account, the degree of organization would be up to 5% higher than the indicated figure in each case.

The territorial-organizational structure of the DGB and of the most important individual trade unions are set up at two levels in Baden-Württemberg and comprise the sub-regional administration office as the regional organizational level as well as the municipal and district administrations as local units. While the sub-regional administrations of almost all trade unions are relatively dependent on the national trade union executive committees, the local administrations, particularly in IG Metall, possess a high degree of autonomy.

The trade unions in south-east England represent a special case in many respects. This fact is primarily due to the absence of an institutionally and politically anchored regional government and administration level that would have made the development of the related trade union structures or decision-making mechanisms meaningful. The TUC set up regional representation in accordance with the standard regions in the course of modernization of its territorial organizational structures during the 1970s; however, its regional structures are much less established than the local trade union councils that have long traditions. In addition to the poor staffing and financial endowment of the regional TUC structures, the fact that the regional structures of the individual trade unions do not correspond to those of the standard regions by any means makes regional work on the part of the unions extremely difficult. This particularly applies to the south-east region of England, which is divided into several sub-regions by all major individual trade unions because of its size and London's special position. While the south-east TUC (Ser-tuc) therefore had great difficulty in performing its coordinating functions in the past, this situation has become even worse in view of the current financial crisis of the British trade unions: in 1994, its territorial field of work was expanded when parts of the south-west region and East Anglia were combined with the south-east region to form the 'Southern and Eastern TUC'. The regional presence of the trade unions in south-east England thus presented a contradictory picture. On the one hand, not only the national headquarters of the British TUC but also the main administration offices of all major individual trade unions are based in London, resulting in a corresponding concentration of resources and personnel capacities. On the other hand, the regional structures

of the trade unions are extremely fragmented and heterogeneous; accordingly, they are greatly overtaxed just because of their modest financial endowment and by virtue of the size of the region.

Overall, trade union membership in the south-east comprises 2.4 million workers, corresponding to a degree of organization of 30%. Trade union representation in the south-east standard region is thus much less than the national degree of organization of 37%, putting it in last place among British regions. The most important individual trade unions are the union of public service workers, Unison,¹ with 330 000 members and the two general trade unions, TGWU with 296 000 and GMB with 177 000 members. The relative membership strength of the trade unions in the south-east corresponds to the national distribution.

Anchoring at enterprise level

Especially in the United Kingdom, but also in Germany, the enterprise level forms the focal point of trade union practice on the basis of the national organization models and the basic conditions of industrial relations. In the United Kingdom, this corresponds to a pronounced pluralism of trade unions and a weak position of the trade union federation. The lack of an institutionally and politically anchored regional level and the fragmentation of the institutional structure additionally limit the opportunities for industry-wide cooperation and coordination of regionally relevant political measures.

In Baden-Württemberg, the trade unions' strategy can be characterized by the efforts to link enterprise-related representation of interests with influence on State and federal policy, especially with regard to social and economic policy planning. It is largely the pronounced fighting strength and readiness to take on conflict at the enterprise level in this region that makes it possible for the trade unions to put forward their demand for social and economic policy responsibility and to anchor this responsibility firmly in a specific regional model of trade union influence.

¹ This trade union came into being in 1993 as a result of the amalgamation of NALGO, NUPE and COHSE.

In Lombardy, the trade unions had an outstanding position at the shopfloor level at the end of the 1960s. Formal importance was attached to this level through the dualist collective bargaining structure in Italy which provides for 'integrative' company agreements going beyond the national collective agreements. At the enterprise level the 'Councils of Delegates' form the grass roots unit of trade union representation, though this body is currently being gradually replaced by 'trade union unit representatives' (RSU).² The works council movement, which has traditionally been quite active in Lombardy and repeatedly gained attention up to the national level, has made a great contribution to the development of new and unitary forms of organization at the workplace, which play a paradigmatic role for the Italian trade unions.

In Rhône-Alpes, as well as in the other prosperous regions having a markedly industrial history, large enterprises represent an important historical basis of the trade unions' regional capacity for organization and mobilization. Significant and successful struggles for the preservation of industrial locations were carried out here that even led to what can be considered to be, by today's standards, an extraordinary degree of unity of action between the different regionally established trade union organizations. The national level of collective bargaining has always remained a dominant factor, however, since the basic conditions for sub-national negotiations can be specified there. Especially in the last 10 years, there has been a decline in the importance of national sectoral collective bargaining in favour of the enterprise level.

In Spain, as well as in the other Romance countries the role of anchoring at the enterprise level can be seen in the response to the works council elections, which permit a cyclical assessment of the trade union landscape and its development tendencies. These figures indicate an increasing significance of the representative trade union organizations. Between 1978 and 1990 the proportional representation achieved by UGT and CONC in the elected works councils rose from 59% to 84.6%. Although this development is

² The most obvious difference is in the procedure for electing employee representatives. The election is no longer carried out via department delegates but via lists of the trade union organizations.

characteristic of all of Spain, it appears far more pronounced here. Other trade union organizations hardly play any role at all at the regional level.

As far as the Europeanization tendencies of trade union work at the enterprise level are concerned, some of the most important original Italian forms of European works councils can be found in Lombardy. Furthermore, relevant contacts exist with research institutes affiliated with the trade unions and with EC institutions. In Rhône-Alpes, too, significant joint trade union initiatives can be noted within regional borders, even within the framework of multinational corporations and at the level of European works councils; this applies to roughly a tenth of the initiatives from French enterprises. In Baden-Württemberg numerous works council bodies in the region have gone over to creating information structures between the enterprises and representatives of workers' interests in European and non-European plants of the same enterprise and subsequently institutionalizing them with the acquiescence of the company management. The reason for this is the growing commitment of foreign enterprises in the region while local enterprises become increasingly involved in activities outside of the region.¹ Now the building-up of firm relations between representatives of workers' interests in transnational enterprises is a major trade union political strategy that is intended to create facts for legal anchoring of European works councils.

National presence of the regional trade unions

Comparatively active participation in the Europeanization of trade union work is also becoming visible at the national level in the prosperous regions. International cooperation between regional trade unions has been expanded in recent years. The trade unions in Lombardy, Catalonia, Rhône-Alpes and Baden-Württemberg, for example, work in informal networks of the unions' variant of the 'four-motor' initiative (see Section 4.4). Continuous cooperation has existed between the

¹ An example of this is the contact that has been established between the SEL general works council in Stuttgart and the trade union representatives in the Alcatel Group.

Lombard trade unions and the Frankfurt DGB, the UGT, the workers' commissions from Barcelona and the Milan trade unions since 1990. Moreover, the Alpen Adria and ARGE ALP working communities were utilized to create links between the trade union structures in Lombardy and those of other regions of the European Union and eastern Europe (Agenzia Industriale di Torino (1993)).

Parallel to the increasing international presence in Catalonia, a growth in contacts between regional trade union organizations and partner organizations in other countries can also be noted. It must be taken into consideration, however, that such developments are triggered more by the relations of the regional government and less by strategic or programme policy demands on the part of the trade unions themselves. European cooperation is very diverse in Baden-Württemberg, too. At the *Land* level there have long been contacts with other European trade unions in the bordering countries or regions of Switzerland, Austria and France. Interregional contacts develop along the borders in connection with concrete problems; five interregional trade union councils have been set up for this purpose to date. Their task is primarily to deal with international commuters (primarily in the Lake Constance area and along the Rhine).²

A reorientation of the British trade unions towards recognition of the European process of integration has been noticeable since the mid-1980s and has also included the trade unions in south-east England. This primarily applied to the expansion of international contacts in multinational corporations, problem-related contacts particularly at local level (Channel Tunnel, coastal areas, ports, etc.) as well as regarding sectoral and sector-specific issues (e.g. armaments industry, transport, etc.) or at enterprise level (transnational companies, etc.). The South East TUC is involved in the interregional trade union council, which includes the Nord-Pas-de-Calais in France and Hainaut and West Flanders in Belgium. Similar

² Baden-Württemberg has the highest numbers of international commuters in all of Germany. Trade union work predominantly consists of consultation offered by the DGB district organizations and their partner organizations in the bordering country, for example in the form of specific information offices like the one in Lauterbach as well as development of joint regional and structural policy demands and jointly supported measures for their implementation, such as in the field of transport or waste management.

Table 4.8

The position of the trade unions in the region

Region	Degree of autonomy ¹	Social weight
Lombardy	high	moderate
Catalonia	very high	moderate
Rhône-Alpes	low	low
Baden-Württemberg	moderate	high
South-east England	low	low

¹ This refers to the autonomy of the trade unions in the region in their entirety (federations and individual trade unions) in relation to the national umbrella organizations as well as all politically oriented trade unions.

initiatives were developed in connection with the construction of the Channel Tunnel between the south-east English, French and Belgian trade unions. Furthermore, there are links between the regional TUC and other foreign trade union organizations that came into being within the framework of the Interreg or Comett programme of the EU.

Regional influence and autonomy

The importance of and competence granted to the regional level in a national context is of decisive relevance to trade union practice at this level. In the case of south-east England, for example, internal trade union problems related to competence as well as a lack of availability of human and financial resources result from the lack of institutional recognition of the regional dimension.

In Lombardy, by contrast, the high degree of organization of the trade unions, and the large amount of regionally available funds as well as the substantial human and financial resources are an indication of the great importance of the regional level (Di Nicola (1991)).¹ This also includes the various parallel structures that range from consulting institutions for employees to continuing training institutions, research centres, recreation clubs and general workers' representation structures. The influence which is exerted on the regional trade union level by national

¹ The distribution of members' dues among the various levels and among individual trade unions and federations is organized differently, but seems to give priority to the territorial (i.e. provincial) level and that of the individual trade unions. The example of FIOM (i.e. the metalworkers' union that belongs to the CGIL) shows that the regional level receives 9.5% while the national level only obtains 8.5% of the dues.

bodies and which is a frequent source of complaint is compensated for by the incorporation of the regional secretaries in the decision-making process at national level since the regional trade union organizations in Italy account for half of the delegates at the national conventions (Giugni (1991)).

The weight gained by the Catalan trade unions through the existence of a strong regional identity and the creation of an increasingly independent profile has repeatedly led to tensions with the national State organizational structures and their political strategies.² Today, however, competitive relations are increasingly disappearing in favour of strategic agreements. The regional and local workers' commissions possess a high degree of financial and administrative decentralization with respect to the UGT, thus contributing to greater independence on the part of the Catalan CONC. The Catalan workers' commissions also have a great deal of influence within their national organization. The far more centralist form of organization of the UGT, on the other hand, restricts the room for manoeuvre of their Catalan organization to a larger extent. The federation and individual trade union structures are represented in the executive bodies of the respective national structures. Nevertheless, there are, in practice, frequent complaints about the dominance of the central structures that leave the Catalan UGT little scope for exerting influence, in spite of its great political clout.³

² The tensions between trade unions were reinforced in Catalonia through the strategy of the most important regional employer organization FNT, which excluded the CONC as a negotiation party and negotiated solely with the Catalonian UGT. Only since the mid-1980s have relations normalized and has the CONC been recognized as a legitimate party in industrial relations.

³ The different ways of distributing members' dues in the two trade union federations correspond to these structures. In the CONC only approximately 20% of the dues are available for financing the umbrella organizations. The distribution of dues in the Catalonian UGT, by contrast, favours the centre.

In Rhône-Alpes, the trade unions' ability to implement their policy has been weakened by political and ideological differences that characterize the trade union structures at the regional as well as at the national level. However, the gradual decline in importance of sector-wide negotiations has led to a growing importance of the enterprise level while the national negotiation level is more and more reduced to the formulation of recommendations.

The regional trade union landscape is additionally dominated by *département* structures. The last decade marked a worsening in the relations between the two levels which made it difficult to take up a joint position regarding problems outside of the trade unions, even within the same trade union federation. The funds expended by the trade unions in Rhône-Alpes on the regional level remain restricted in relation to the other territorial levels. The employment of CGT funds is an example of this, though this union is rather well endowed.¹ The financial share of members' dues going to the regional level is relatively low, i.e. one twelfth. Structures in

¹ The regional committee works with three permanently employed political secretaries, four freelance workers — who are usually trade union activists or old age pensioners — and a research worker.

Rhône-Alpes concerned with issues of regional development have been formed at the regional level only by the CGT and CFDT.

In Baden-Württemberg, the trade unions are characterized by a high degree of collective bargaining policy competence. The human and financial resources of the trade unions at the regional level vary; the number of full-time officials, however, in no case corresponds to the scope of the necessary measures. The great importance of the regional trade unions within the German trade union movement is also reflected in the marked representation of Baden-Württemberg trade union officials at the national level of the sectoral unions and of the DGB.

South-east England, just like the other British regions, is characterized by a lack of relevant industry-wide trade union structures that has largely prevented development of integrated structural policy approaches and strategies to date. The orientation of trade union policy to the national level additionally weakens regional presence. The trade unions' political actions in the south-east are currently dominated by restructuring and rationalization measures, trade union amalgamations and the solution of financial crises.

4.7. Regional policy competence of the trade unions

The trade unions in the prosperous regions are increasingly required to develop their own ideas on fostering progress in their region in addition to their shopfloor and sectoral activities. The reasons for this can be found in the special socio-economic features of this type of region, which forms the focal point of the European and worldwide 'competition between regions' because of its economic leadership role. This specific competitive situation demands flexible responses on the part of workers' organizations as to how the interests of gainfully employed persons can be represented in a modern and competitive regional economy.

Future-oriented action by the trade unions is required to a greater extent in the prosperous regions than in the regions with structural problems since technological innovations are usually first introduced and tried out there. In many cases their technological lead makes these regions an experimental field in the area of production conditions, too. Modern forms of work organization, such as group production and 'lean production methods', for example, were tested at an early stage in these regions and frequently led to a remarkable reorientation of trade union work at the enterprise level.¹ Due to the little pressure exerted by concrete problems in the enterprise, the trade unions have relatively favourable conditions for taking foresighted action in the economi-

cally strong regions. In modern regional economies, they often function as a 'social corrective' and thus contribute significantly to the economic success of their regions. As a rule, this role is recognized by the other regional actors, a fact that is reflected in an intensive regional dialogue in which the trade unions are usually included.

Far too often, however, the trade unions take up regional issues in the prosperous regions only when faced with concrete crisis situations. In many cases it is the threat of company shut-downs or an imminent massive reduction of employment that moves the unions to review fundamentally their strategy. The primary factor motivating them to become more active at the regional level is the emerging realization that new problems, such as increasing basic unemployment or growing environmental pollution, cannot be solved solely through action at the enterprise and sectoral level.

Forms of trade union participation in the prosperous regions

In the regions studied, we can observe today a generally high degree of willingness to participate in a regional development strategy, even though it varies according to region and trade union federation. These differences result from the varying institutional conditions for a social dialogue. However, the differing importance of the region itself as a level for trade union action plays a

¹ With regard to the new challenges facing workers' representatives in the enterprise as a result of new production concepts, see (for a point of view of the German trade unions): IG Metall (1993).

great role as was clearly shown in the previous section.

Up to now, however, little progress has been made towards a substantial involvement of the trade unions in general economic and structural policy in the prosperous regions under study. Forms of institutional consultation, on the other hand, are quite widespread in individual policy fields, such as labour-market, educational and training policy. In some cases the trade unions have considerable opportunities for participation in these areas that frequently allow them to exert influence on concrete measures.

As is typical for France, a heavily institutionalized dialogue between the regional government as well as labour and management can be found in the Rhône-Alpes region. Through the economic and social committee, the regional government has a body at its disposal that serves as a discussion forum for the regional planning agreements and Rhône-Alpes' economic policy. Trade union participation consists of commenting on government bills as well as proposals predominantly concerning education and training. However, the trade unions in Rhône-Alpes do not yet possess their own overall strategies on regional development. Instead, the individual federations represent sometimes contradictory positions on regional partnership.¹

The Catalan trade unions are also represented in a consultation body of the regional government. The council for work (Consell de Treball), which has existed since 1978, is allocated to the regional Ministry of Labour as a consultation body. According to the trade unions, this council is supposed to be consulted by the generalitat in all economic policy questions. They therefore demand its transformation into an economic and social committee.

In the other regions, no official consultation bodies in which the trade unions are involved have been set up by the regional government to date. The Lombard trade union federations demand the establishment of a council for labour and economics which would advise the regional

government in planning measures and drawing up economic policy guidelines, similar to the national CNEL (Comitato Nazionale per L'Economia e il Lavoro). In Baden-Württemberg, by contrast, the trade unions moved away from the concept of economic and social committees which was also advocated in the past because, in their opinion, they would recall too distinctly planned economy practices (Manz (1993)).

The case of Baden-Württemberg indicates that the regional policy competence of the trade unions in the prosperous regions has not yet reached the 'degree of maturity' that was developed above all in the traditional industrial regions. Initial experience with the 'dialogue-oriented economic policy' of Baden-Württemberg's State government, which has been pursued for two years, shows that trade union influence is limited here, too. Only one trade union representative took part in the work of the Future Commission on Economy 2000 and through a minority vote underlined the trade unions' criticism of the results (Riester (1993)). The Socio-economic Strategic Plan Barcelona 2000 represented a comparable cooperative effort over a limited period of time to prepare the Catalan capital for the 1992 Olympic Games. The workers' commissions and the UGT union played a decisive role in working up the plan. Both examples indicate that project-oriented cooperation represents a further field of regional partnership in addition to the institutionally stipulated consultation.

The characteristic participation model of Lombardy's trade unions, which as a kind of 'unwritten law' guarantees the trade unions the right to consultative participation in labour policy measures and guarantees employers' associations the right to a say in industrial policy, is expressed in the tradition of participation of labour and management in regional policy. These informal forms of participation have been supplemented by numerous agreements in individual sectors or regions and in a wide variety of problem areas. Institutionalization of the regional dialogue was achieved in January 1993 through the establishment of a three-party conference between the region of Lombardy, labour and management. The conference is intended to provide for a balancing and strategic orientation of structural policy measures on the part of the region. What is new about this forum is its official basis and the

¹ Whereas the CFDT fundamentally emphasizes the necessity of concentration and regional partnership, the CGT rejects such forms. It was the only trade union organization to reject the development and regional plan in Rhône-Alpes for 1992.

fact that this tripartite consultation body has, for the first time, been furnished with formal competencies and financial resources.

In very few cases are the trade unions in south-east England recognized by the political actors as regional partners. The planning committee Serplan (South-East Regional Planning Conference), supported by several municipalities, is the only relevant body that has included the regional federation of trade unions in its work. Due to the conference's political leanings towards the Labour Party, the trade union positions are often reflected in their strategy papers. Trade union participation in this 'oppositional' regional forum cannot, however, replace participation in official regional policies, to the extent that they exist in the first place.

With the exception of the English region, all regional trade unions are represented in the consultation bodies of the decentralized labour administration. These bodies are usually tripartite (trade unions, employers and public authorities)¹ and discuss current problems with the employment office so as to be able to develop concrete labour-market policy measures. The latter may include job creation programmes, measures for the reintegration of the unemployed or continuing training programmes. Territorially, the employment offices are divided into small districts, i.e. each region studied consists of several subdivisions along labour-market policy lines.² Only Baden-Württemberg with its State employment office possesses a labour-market policy body at regional level in whose administration committee the regional DGB is represented. In Catalonia, the generalitat and trade unions demand an autonomous employment office for their region.

The trade unions in south-east England are not consulted by the official employment service, but they do have a certain influence in the local Training and Enterprise Councils (TECs). The regional federation of trade unions restricts itself to supporting persons in the supervisory bodies

who have close ties to the trade unions since the latter have no official rights of representation in these institutions. The individual trade union leaders involved here do not submit any reports to their organizations or to local trade union councils, however. They do not sit on the executive committees as representatives of a union and thus have no precisely defined sphere of responsibilities, either territorially or with regard to individual unions. The regional federation of trade unions attempts to get an idea about the work of the training councils by organizing regular meetings of trade union representatives at which the latter report to the federation about their work and exchange experience.

In the regions studied the trade unions are involved in a number of other public institutions.³ To date it has not been possible in any of the regions to coordinate trade union policy and work in the various bodies and relate them to each other. All too frequently, participation in them is not utilized to implement the unions' own ideas. Industry-wide work in these bodies, however, can be interpreted as a regional 'early warning system' which still has to be developed and would be useful as an element of a holistic co-determination structure. Then a 'run-up' to a coordinated policy of industry-wide participation on the part of the trade unions could come about (Bosch *et al.* (1984)).

Programmes and projects for individual policy fields

In the regions in which there is a pronounced regional dialogue there are also trade union concepts regarding regional development. They focus less on the institutionalization of social and industrial relations than on a 'culture of dialogue' between the important social groups.

In Lombardy, the trade unions base their activities on a model of industrial relations which was developed through years of experience and

¹ The Catalan sections of the UGT and CCOO unions are also involved at the central State level, each having one member on the administration committee.

² The employment office in Germany is divided territorially into 'employment office districts', in Italy and Spain into 'provinces' and in France into 'employment basins' (bassins d'emploi).

³ Participation on the part of the trade unions ranges from the Baden-Württemberg Landeszentralbank to the Catalanian committee for normalization of language. More than 200 persons are involved in working in bodies at the regional level in the Catalonia workers' commissions alone. This figure was obtained from an internal study dating from 1993 with which the trade union first attempted to get an idea about its own presence in public institutions.

today guarantees their extensive influence in the region. This co-shaping model pragmatically combines a pronounced readiness for confrontation with a willingness to conclude regional agreements successfully. The numerous formal participation mechanisms and bodies are supplemented by a network of informal participation structures; in addition, there are a number of collective agreements in a stricter sense, in some cases at regional level but especially at the provincial and enterprise level (Ronchi (1990)).

The DGB in Baden-Württemberg demands that the 'dialogue-oriented economic policy' of the State government should primarily pursue the goal of full employment and not just fall back on the unclear concept of securing locations. Hardly any substantial new forms of participation have been created to date, however, even under the current State government (DGB Baden-Württemberg (1993)). In particular, participation is demanded in the Steinbeiß Foundation, in the Association for International Economic Cooperation and in the appropriations committee of the Landesgewerbebank, i.e. in the central institutions of regional economic support policy. In order to support trade union regional and structural policy, a demand is made for the establishment of a publicly financed development agency for labour-oriented structural policy in Baden-Württemberg', whose work is to be oriented to the institutions existing in North Rhine-Westphalia.

Since it depends on consensus with the individual trade unions, the DGB often does not have a distinct profile at the level of formulation and implementation of regional and structural policy demands that directly involve the job interests of individual sectors and their trade unions. There is a risk here that trade union regional and structural policy will be limited to a purely sector-oriented industrial policy of the individual trade unions.

Thanks to their advocacy of the 'national cause' and of Catalan autonomy, the trade unions in Catalonia have developed a specific trade union policy for their region, focusing on industrial policy and the problem of unemployment. The position of the unions on regional policy in this case must be seen in the light of a not completely consolidated situation, not only as far as the

constitutional status is concerned but also regarding the creation of a binding framework for labour relations in Spain. The relations of the trade unions with the regions can therefore be best described as a process of increasing adjustment to the political and legal mechanisms that came into being during the period of the democratic transition. With respect to economic policy, the Catalan trade unions are making efforts to push forward an industrial policy consensus with the regional government and the employers' associations. Initial successes with this policy include various agreements that were recently concluded with the employers' association Fomento and the generalitat.

By contrast, the formulation of concepts on regional development in Rhône-Alpes is generally not regarded as a task of the trade unions. A scepticism prevails that, due to contradictory ideas of employees and employers, it is not possible to reach a consensus on regional development. At the same time the Rhône-Alpes sections of the trade unions are hardly in a position to incorporate their ideas on regional development into the national strategy of the umbrella organizations.

In south-east England, the most important task is first making it clear to the public and politicians that it is necessary to set up regional institutions for an economic and industrial policy of the trade unions. Since the nearly complete elimination of regional bodies of economic and industrial policy, therefore, trade unions and the Labour Party have been among the forces demanding the re-institution of such bodies. This particularly applies to Greater London where the London Labour Party along with Sertuc demand the re-institution of coordinated economic planning and business support now that the Greater London Council and its economic and industrial policy institutions (above all the Greater London Enterprise Board) have been abolished.

Labour-market and training policy

As already mentioned, one of the most important industry-wide fields of action of the trade unions is that of labour-market, educational and training policy. The trade unions in the prosperous

regions are making special efforts to maintain above-average collective agreement standards and at the same time to advocate full employment. They are looking more and more at the local and regional level to carry out this task.

The Baden-Württemberg trade unions achieved their success in the area of training policy more through collective bargaining policy than through general demands to the State government. In the 1988 collective agreement for the district of Nordwürttemberg-Nordbaden, for example, it was stipulated for the metal industry that enterprises had to conduct a survey and needs analysis regarding training that was to be coordinated with the works council. Moreover, they are required to provide continuing training opportunities to the employees in coordination with the works council and to employ the workers at a workplace and job corresponding to their qualifications after successful completion of training. In the process of the rather inadequate implementation of this arrangement (Bahnmüller *et al.* 1992), a problem emerged that points out the necessity of regional and structural policy, i.e. the question of the direction in which qualifications are further developed, what qualifications are necessary and what product alternatives are desirable in enterprises and sectors. Within the framework of such foresighted training planning, however, the representatives of workers' interests at enterprise level are left to their own devices; the need for external consultation is correspondingly high.

The Catalan trade unions have attempted to solve the labour-market problems by means of an integrated industrial policy for Catalonia on the basis of concurring positions on the part of workers' commissions and UGT with regard to combating unemployment and defending jobs. It was assumed that unemployment and precarious employment relationships represented a structural problem. In addition, parallel to collective bargaining, the Catalan trade unions pursue a less visible but, nevertheless, significant strategy for the transformation of precarious jobs into permanent employment arrangements. In this manner they exercised their control function regarding employment contracts in order to prevent abuses, increased the contractual power of those groups that had not been covered by collective

agreement provisions up to that time and expanded the scope and content of collective bargaining itself.

In Lombardy, the main interest of the trade unions is directed at a redefinition of the instruments for reintegration of the unemployed into the working world. Against this background an agreement was signed by the trade unions and the employers' organization Assolombarda and the regional development agency in which cooperation was provided for between labour and management and the agency for regional reintegration programmes.

At the beginning of 1993 the Lombard federation of trade unions, CISL, put forward, along with the federations in Piedmont, Veneto, Friuli-Venezia-Giulia, Emilia Romagna and Liguria, a joint proposal effectively to decentralize substantial portions of central State competences for the labour-market and vocational training, which had been decentralized sections of the Ministry of Labour, and transfer them to regional responsibility. For this purpose the various bodies with labour-market and employment policy competences are to be integrated at the regional level in connection with a transfer of the tasks as well as of the personnel and other resources.

For the Rhône-Alpes, trade unions the area of vocational training and retraining is the most important field of action of their regional policy. Moreover, these policies fall under the competence of the Regional Council, which also provides consultation to the trade unions via the Economic and Social Committee. However, in Rhône-Alpes the trade unions view special arrangements in their region more sceptically than in Catalonia or Lombardy, for example.

Technology policy

In the four motor regions, technology policy is the focus of the activities performed by the regional governments. The trade unions fundamentally advocate this commitment, but demand greater consideration of the employment policy effects. With the exception of Baden-Württemberg, they are only just beginning to develop their own technology policy concepts, however. A major impulse for this development comes from the

introduction of new forms of work organization that demand a more flexible form of representation on the part of the trade unions.

The Baden-Württemberg DGB has achieved initial success in technology policy. The persistent criticism of the technology policy of the *Land* (Manz (1993)), which at first ruled out participation on the part of the social groups and regarded any form of technology impact assessment as superfluous, later contributed to the establishment of an academy for technology impact assessment by the new State government. The trade unions were not only involved in working out the concept but were also represented in the advisory councils. Further development of the trade union position in this field as well as critical evaluation of the academy's work is primarily carried out by the unions' forum for social shaping of technology. However, they were not able to prevent the only publicly financed institution for employee-oriented research and consultation in Baden-Württemberg, the Cooperation Centre of the University and Trade Unions at the University of Tübingen, from being closed down.

In Catalonia, the trade unions did not begin to get involved in issues of technological innovation until the mid-1980s. Today they view increased efforts in the field of research and development as an indispensable prerequisite for carrying out not merely a technical but also organizational shaping of the innovative process and thus for achieving an increase in the competitiveness of enterprises and improvement in the quality of work. For this reason, the trade unions advocate adjustment of the expenditures for research and development to comparative European data and special promotion of foreign trade. Furthermore, they demand greater coordination of the technology offered by universities, technology transfer offices and institutions in the field of research and development of enterprises. Finally they demand improved information and more transparency regarding the activities of these institutions.

The Lombard trade unions support a regional development concept that not only focuses on growth but also on the qualifications of the economic system and of the socio-economic environment in order to strengthen the competitive position of the region in an international context. Promotion of research and development activities

is particularly relevant here. The trade unions regard greater commitment in this area on the part of the public sector as well as of private enterprises as extremely positive as long as the support of strategic economic sectors and restructuring measures guarantee social cushioning. This also applies to small and medium-sized enterprises, on which public support mechanisms in the research and development field concentrate. Although technology support at the programmatic level represents an important factor, the trade unions directed their conceptual interest in the 1970s and 1980s on questions of industrial location or relocation as well as on sectoral development policy issues. The reason for this is the shift of structural policy intervention to technological innovation that has taken place in recent years.

The Rhône-Alpes trade unions advocate different basic concepts of technological development. The CFDT directs its attention to the high-tech field as well as to small and medium-sized enterprises that in its view represent the basis of economic development. The CGT holds the opposite view, i.e. that the large national enterprises are decisive for the regional economy and must be supported accordingly. The lack of consensus within the trade unions regarding an appropriate technology policy in the region continues to block trade union influence in this field.

While a great number of approaches to developing their own concepts of technology and research policy existed for the trade unions, at least in Greater London, during the 1980s through the Greater London Enterprise Board, the practice followed by the individual trade unions and by the regional federation in the area of technology policy now that the relevant bodies have been abolished is limited to incorporating their ideas into union-affiliated initiatives and projects such as the London Transnational Information Centre and the Centre for Alternative Industrial and Technological Systems.

Environmental policy

Environmental protection is today a fixed element of the trade unions' programme. Productive linking of economy and ecology is one of the greatest challenges facing trade unions in the prosperous regions. The trade unions are

involved in environmental policy questions through in-company health protection, which numbers among their traditional fields of action. The environmental protection debate conducted by the trade unions is additionally stimulated by the generally growing environmental awareness of society. This awareness is very pronounced in the prosperous regions and is reflected in a greater environmental policy sensitivity among regional trade unions.

Indications of an ecologically and socially compatible further development and shaping of production can be found in the initiative 'Site of the crime: the enterprise', which came from the IG Metall in Baden-Württemberg. This initiative focuses on the compilation of data on hazardous operating materials in enterprises in the metal and electrical industries as well as on pointing out and implementing the use of alternative substances and production techniques. This initiative, which received attention outside of the enterprises, too, has contributed to a sensitization of the workforce in the fields of work safety and health and environmental protection and has led to elimination or reduction of numerous substances that are harmful to health and to the environment.

Great importance is attached to environmental protection by the Lombard trade unions today after confrontations often took place with local environmental protection movements in the past. The trade unions undertook initial environmental policy efforts in the mid-1980s when they began to link health protection for industrial workers more closely to environmental protection. A striking case in this connection is that of the conflicts in the paintwork department of the Alfa-Romeo plant in Arese, where the trade union set up a joint platform for the workers affected by the harmful processing processes and environmental protection organizations outside of the unions who were concerned about the prevention of environmental damage. One of the major environmental protection agreements is the agreement between labour and management in Lombardy concerning the establishment of a mixed commission. This body is to deal with implementation of legislation adopted by the European Union and the Italian government in the region of Lombardy and to carry out transformation studies or studies for certain production sectors.

Furthermore, it carries out continuing vocational training and mediates in cases of dispute between management and labour representatives. Another, territorially more restricted, agreement between labour and management was reached concerning the cleaning up of water and soil in Val Chiavenna, in the province of Como. It even includes a study of the health of the population and the drawing up of a plan for environmental rehabilitation of the area.

The Catalan trade unions included the issue of environmental protection in their programme at the end of the 1980s, i.e. at a relatively late date in comparison with the other regions studied. When demands were elaborated after the general strike of 1988, they also developed environmental policy demands that were predominantly implemented at the local level. In particular, investments in environmentally sound systems as well as increased public and private environmental research were demanded. When the new SEAT plant was constructed in Matorell, the trade unions additionally strove to input their environmental policy concepts in cooperation with the works councils.

In south-east England, little attention in trade union work has been devoted to environmental policy and the question of an ecological structural transformation to date; at most programmatic statements are made. A first step, which was an important one for the practice of the regional TUC and of the individual trade unions, was the decision at the beginning of the 1990s to make environmental policy aspects a fixed element of collective agreements and to set up an environmental policy working group in this connection. Furthermore, an environmental policy action plan was presented for the south-east, not by the trade unions themselves but by the union-affiliated initiative, South-East Economic Development Strategy Association (SEEDS 1992), and several working conferences were organized at which the trade unions participated, also in the form of financial support.

Strategies for formulating and implementing alternative trade union concepts

An examination of individual fields of policy made it clear that the trade unions in all regions studied

are confronted with the necessity for a regionalized practice against the background of very different initial and general conditions. In Baden-Württemberg, for example, regional policy as a separate field of trade union action was emphasized again during the most recent economic crisis at the beginning of the 1990s. However, regional structural policy here is still of far less importance than in the crisis regions of declining industry or in the structurally weak regions, such as the new *Länder*. The initially little structural policy interest on the part of the Baden-Württemberg trade unions can be explained primarily by the extremely positive economic development of this *Land*. Baden-Württemberg has, of course, also suffered structural crises, in the clock industry, in the entertainment electronics sector and in the textile industry, for example. However, it remains difficult to win over employees for an active preventive regional and structural policy, such as by means of an extension of the product range oriented to ecological requirements, as long as current production is secure. Regional and structural policy is therefore still more of a reactive than preventive nature, even in German trade unions outside of Baden-Württemberg.

The requirement stipulated by the framework collective agreements in Baden-Württemberg that employers have to conduct annual quality needs studies in enterprises in coordination with the works council must be regarded as a contribution towards improvement of the regional and sectoral level of qualification. The concepts of the ÖTV union regarding the job security of the civilian employees at closed locations, and those still to be shut down, of the German army and of the allies also contain labour-market policy implications and a reference to retraining and continuing training necessities.

The Catalan trade unions concluded various agreements with the government and the employers' organization Fomento at the beginning of the 1990s. The agreements concluded between the generalitat and the Catalan trade unions, however, are limited in their content and merely concern health protection at the workplace and social welfare. The agreement signed by the trade unions and Fomento without the participation of the generalitat (Acuerdo Interprofesional de Catalunya) in November 1990 is especially relevant from an economic point of

view. Besides a renewal of the Catalan arbitration system (Tribunal Laboral),¹ it contains measures regarding health at the workplace and vocational training in the region. The main economic policy objective of the Catalan trade unions was to push forward a regional industrial policy to cope with deindustrialization in the region in consultation with the other regional actors. The vision for a 'new industrial model for Catalonia' was specified in the agreement concluded by the trade unions and the employers' organization in 1993. This agreement is viewed as a major step towards a more consensus-based policy of the regional actors. The agreements indicate a fundamental change in the attitude of labour and management such that industrial relations in Catalonia are moving towards a cooperative, northern European model.

The strategy of the trade unions in Lombardy is primarily directed at expansion and better inter-linkage of the various negotiation levels with their differing focal points. The aim is to improve the general socio-economic conditions and thus the international competitive position of the region, while taking into account socially compatible aspects. They include a conscious option for overcoming the previously pronounced readiness to enter into conflict among the various trade union organizations, which repeatedly weakened the capacity to implement trade union policy. At the regional level this ranges from development of uniform forms of struggle and strategy between the three federations of trade unions to their amalgamation (which has been decided upon but not carried out as yet). Moreover, the relations between the regional and the national trade union structures are to be improved.

The Lombard trade unions also see the option for strengthening the institutional and political role of the regions as a forerunner and thus making them a relevant negotiation party for all regional concerns (CGIL-CISL-UIL 1993). At the trade union level this measure is to correspond to an upgrading of regional competences and structures. A proposal drawn up by the Lombard, Ligurian and Piedmontese CGIL organizations currently represents the high point of the trade

¹ The old arbitration system, which did not provide for any participation of labour and management, was hereby replaced.

union discussion on federalist reform and combines institutional and economic policy issues with the reform policy debate within the trade unions.

The unions in Rhône-Alpes participate in development planning only within the framework of the institutionally prescribed consultation as well as in the regional economic and social committee. More far-reaching independent contributions to regional development have been rare up to now, however; there is more of a tendency to restrict oneself to the formulation of general conditions.

In south-east England most of the trade unions are, for the most part, currently occupied with securing survival and dealing with mergers and reorganization. Many local offices have been joined together or abandoned completely in the course of restructuring measures, outmigration of industries and growing unemployment. Against this background it is difficult for them to develop a uniform regional perspective.

Today, therefore, many trade unions support demands for decentralization, regionalization and democratization of government structures and for greater local and regional co-determination. The two largest unions, TGWU and GMB, have incorporated this demand, which is supported at all levels, into their programmes.

To date, however, no trade union has specified where, for example, the borders of the south-east should be. And as yet, no efforts have been made to make the issue of regionalization the subject of discussion among the members and at the union grass roots level.

The TGWU's regional policy recommendations have now been formulated in concrete terms. A national regional policy framework is demanded with a government economic development office at the top and local enterprise authorities in the regions. Similar to the proposals of the TUC, the TGWU also demands establishment of an investment bank that is supposed to provide State and private funds for investments.

4.8. Summary

The regions examined in this section not only play a major role with regard to economic leadership in a national context, but they also number among the motors of economic development within the European Union. The economic success of these regions is first of all reflected in such indicators as a high standard of living of the population, low unemployment rates as well as consumption of durable consumer goods and high expenditures for social security, infrastructure and other public services. However, not only the level of development attained but also above-average economic dynamics and successful management of the structural transformation must be regarded as central characteristics of the prosperous type of region.

The reasons identified for the contrast between these regions and the other groups of regions studied include a good combination of factors, a differentiated sectoral mix, a high degree of institutional flexibility and adaptability, a high degree of economic interlinkage with other regions, as well as a favourable economic and geographic location. All the regions investigated are situated within the centre of economic activity in the European Union and thus profit from particularly good links to European transport networks.

All the regions examined owe their role as economic motors to an exceptionally competitive and modern industrial base, which is characterized by an extensive lack of clusters of declining industrial areas. The region coming closest to 'post-industrial prosperity' is south-east England, whose economic weight can be primarily attribut-

ed to London's function as one of the major centres of international trade and finance and its role as government and administration capital of the United Kingdom. In some areas, however, this region also possesses the most modern and competitive production facilities at the national level.

Its international competitive strength and a favourable mix of industries and dynamic enterprises having a uniform distribution as to size combine to create a high degree of economic and political independence in the prosperous regions in comparison with national governments and other regions.

At the political level, too, the prosperous regions have developed a substantial capacity to implement their respective interests in comparison with the other types of regions. The most striking case is that of Catalonia, which sees itself as a historical nation having a leading role to play within the Spanish 'State of autonomies'. However, south-east England as the absolute centre of power and control in the centralistically organized United Kingdom and, to an increasing extent, Lombardy as a motor of the Italian economy also document the high degree of political and institutional autonomy of the prosperous regions. This factor along with their economic independence must be regarded as the reason for the tendencies towards political isolation, which can be observed in Lombardy as well as in other regions today, and towards decreasing solidarity with poorer parts of the country.

Although the prosperous regions are not among the classic target groups of regional economic and structural policy, all of the economically strong regions included in the comparison profited from efforts made by the public sector, especially from initiatives in infrastructure and technology policy, whose national make-up is, in many cases, oriented to the needs of these regions. This 'concealed regional policy' favouring prosperous regions is based on the assumption that investments in highly competitive areas are extremely profitable and, in the end, make a positive contribution to the overall economy. This, however, has an adverse effect on the regional policy goal of reducing regional disparities.

In general, the prosperous regions will most likely be among the certain winners of the European integration process because of the high density of economic success factors that they possess and their economic dynamics. However, even the prosperous type of region is not invulnerable to structural problems. Baden-Württemberg's great dependence on the automobile production sector, which is currently going through a crisis, as well as the recent recession in the United Kingdom, which has hit south-east England particularly hard, are examples of this.

Trade union responses in the prosperous regions

In the prosperous regions, the trade unions encounter comparatively favourable conditions that make it easier for them to provide a, previously lacking, programme for action between enterprise and nation. First of all, the economic strength of the regions as a whole and their enterprises make it possible for them to develop their own strategic concepts away from individual defensive struggles and to implement them together with other regional actors. Because of the little pressure emanating from concrete problems, it is often difficult for the unions to take action in the relatively new field of regional policy, in addition to their more familiar fields of work.

The increasing willingness of regional governments to include employee organizations in regional partnerships promotes regionally oriented

action on the part of the trade unions. Special mention must be made of project-related cooperation such as the development of strategic plans in addition to the known institutional consultations. Experience in the regions studied shows that such cooperation can only be successful if all those involved are able to place the common interest in the well-being of their region above the respective individual interests. Greater willingness to compromise on the part of the trade unions can be observed in this connection in the prosperous regions, especially in comparison with traditional industrial regions, and is reflected in a large number of regional economic policy agreements. The basic condition for successful trade union regional policy is a suitable territorial reference framework. The geographical divisions within the trade unions as well as the collective bargaining and labour-market policy frequently do not conform with the political and administrative regional boundaries.

The participation of the workers' commissions and UGT in the successful movement for Catalan autonomy is an outstanding example of how the trade unions can manage to play a greater role as a regional actor going beyond their company-based work. The Catalan case also shows, however, that strengthening the constitutional autonomy of a region also demands that it have a distinct identity. Therefore, it is not surprising that it is difficult for the trade unions in south-east England to treat this planning region as a separate policy field. This is not due to a general lack of interest of the trade unions there 'in the region as such', but to the fact that geographically smaller units such as counties or municipalities are more familiar areas for taking industry-wide action. Incorporation of trade unions into the former Greater London County Council is proof of the industry-wide ability to take action in the south-east. A similar situation exists in Rhône-Alpes, where the trade unions are still more established in the *départements* than at the regional level.

The success of regional trade union work depends to a great extent on internal union cooperation as well. In Baden-Württemberg and south-east England, industrial and sectoral unions often act independently of their comparatively weak federations. The strong individual unions often

ignore the fact that regional problems can only be tackled on an industry-wide basis. By contrast, the regional federations in the three regions under study which have a specific political or religious tradition are still faced with the problem of 'trade union competition'. The examples of Lombardy and Catalonia, however, demonstrate that cooperation between the federations at the regional level is easier, especially in the prosperous regions. The amalgamation of the three federations that was decided upon in Lombardy also has a signalling effect for trade union policy in all of Italy. In Rhône-Alpes, on the other hand, it has not been possible to overcome the profound split in the French trade union movement through joint regional projects.

Because of the far advanced structural transformation in the prosperous regions, the trade unions there have to demonstrate their capacity to cope with future developments. A major challenge for the trade unions in these regions, which are extensively based on the concept of competition, will be to gain sufficient attention for their convictions from a society showing solidarity. In view of the size of this task, it is an ominous sign that the degree of organization in all regions studied was below the national mean. The usually weak trade union presence in the white-collar and service sector is even more disturbing. In contrast, the unions in industrial enterprises remain strong; here they appear in many cases to be capable of coping with the restructuring of this sector.

In a direct regional comparison, only the trade unions in Baden-Württemberg and Lombardy can be characterized as extensively strong since they not only maintain a strong presence in important branches of industry there, but are also involved in dialogues at the regional level. In Catalonia the influence of the trade unions appears to be growing based on unified agreements at the regional level and increasing membership. The regional capacity for taking action in Rhône-Alpes and south-east England, on the other hand, remains difficult. We found a dramatically declining trade union presence in the

French region, and to date there has been a lack of suitable strategies for overcoming the organizational weakness. Trade unions in southern England are also on the defensive, as demonstrated at the regional level by the reduction of regional trade union structures in the federation. Increased cooperation on the part of the sectoral unions offers the only positive perspective in this connection. It is also necessary to strengthen the idea of regional partnership, for which no distinct tradition has existed in the United Kingdom up to now.

In view of the wide variety of demands on the trade unions in the prosperous regions, it is an optimistic sign that a large number of union-owned or affiliated research and consulting institutions are located in these regions. The cases studied indicate, especially recently, a mutual coming together of trade unions and academic research. Cooperation with the regional universities has been institutionalized in many cases through cooperative agreements. In spite of the trade unions' increasing utilization of the potential offered by academic research, they tend not to move so freely on regional terrain as in enterprises; i.e. existing potential has often not been used yet. A significant benefit enjoyed by the prosperous regions and their trade unions is their openness and international perspective. It therefore comes as no surprise that the rich industrial regions were the first to come out with their own initiatives on interregional cooperation in Europe under the regional trade unions. The cooperation of the 'motor' regions made it possible for trade unions from regions directly competing with each other to exchange their positions and experience. The Interregional Trade Union Councils set up and the work carried out by the European works councils in the prosperous regions additionally promote the internationalization of regional trade union work. Without exaggerating the importance of these cooperative relationships that are slowly forming, one must view them as significant initial approaches to countering the 'competition among regions' with a compensating 'cooperation among regions'.

5. THE REGION AS A FIELD OF ACTION FOR THE EUROPEAN TRADE UNIONS

5.1. The region and the trade union at a glance

If further proof were needed, then the end result of these case studies would provide it, both positively and negatively: the regions of the European Union are dependent on the trade unions. However, the opposite is also true: the trade unions need the regions if they wish to meet the sweeping challenges posed by the ongoing structural transformation as well as by the process of Europeanization.

The regional factor for the trade union

The last mentioned thesis is confirmed most obviously in the regions having their own, very distinct profile. Both in Scotland and in the Basque country or in Catalonia the trade unions derive a good portion of their strength from the fact that they have long identified with the regional factor in its respective specific form, i.e. with regard to national demands as well in this case. It appears to be of secondary importance whether they identify with this factor to such an extent that the respective national-regional trade union organizations dominate, as in the case of the Basque country, whether, as in Scotland, combined forms of organization arise where the federation of trade unions is independent while the affiliated unions are sub-organizations of the British federations or whether the two major trade unions, as in Catalonia, merely insist on an extremely high degree of regional independence which,

however, differs in each case. In any case the trade unions attach great importance to the regional-national profile of their organization; and what they owe to it in the form of social anchoring locally has an inverse effect as an increase in cohesion in the region.

Opposite examples are also easily found. Wherever, as in south-east England, a special regional affiliation cannot be made out at all because it is lost in the centre-of-attention status enjoyed by London, which equates and often enough confuses its interests with those of England or the United Kingdom as a whole, the regional organizations of the TUC and affiliated unions alike fade in the shadow of their London headquarters. For the majority of the European trade unions studied, however, the various nuances in the relationship between region and trade union that result between the two opposite poles of regional identification are of even greater significance. They allow the conclusion that has been substantiated by numerous examples, namely that as regional independence grows, so too do the trade unions' shaping opportunities at this level. In spite of all contrary organizational traditions and under the foreseeable conditions of Europeanization, this should make the trade unions a fundamental party supporter of demands ranging from regionalization to internal federalization. If their scope for action is to be utilized effectively, however, a restructuring of their own organization is necessary in most cases, while taking into account the change in importance between national headquarters and regional organization.

The trade union factor for the region

What about the inverse thesis, however, i.e. that the regions depend on increased trade union presence and competence at their level? The answer to this question will have to be formulated in a differentiated manner because trade union strength locally does not primarily develop according to territorial aspects and because regional trade union action, to the extent that it is not contrary to the regions themselves, represents a great deal of unused potential from a union-wide point of view. It can be said that the trade unions and their members in the historical strongholds, the traditional industrial regions, number among the outstanding milieu-forming social factors in each case. There they personify a major portion of what constitutes regional awareness. Irrespective of whether one looks at the example of northern England, Lorraine or the Ruhr area in North Rhine-Westphalia, in every case, neither the lowest local level nor the region is conceivable with its specific profile without the presence of the trade unions and more precisely defined sectoral unions, such as those for the mining and metal workers. However, such an influential force on the region, which has formed naturally to a certain extent in these areas as part of their own industrial history, plays a more minor role in other regions; they include those sections of the prosperous regions that were industrialized at a much later date as well as the structurally weak regions whose overall economic development dates back a relatively long time.

Nevertheless, it is questionable when viewed in perspective, whether the most important function of the trade unions for the regions is to be found in the ability mentioned at all. As can be seen from the cross-section of the regions studied, from Castilla-La Mancha to Baden-Württemberg, there are at least three intermeshing features of trade unions active in regional policy that, taken together, can create an essential cohesion-promoting force for the regions.

First and foremost is their ability to detach conversion and modernization processes within the enterprise from an external constraint and to link them to an innovative contribution of the work

factor under certain basic conditions that have to be wrested away from profit interests. The more this is possible, and as ways out of the crisis emerge that go beyond the securing of particular interests, the more likely it is, that positive development impulses will result for the situation locally as well as for the region. There are numerous examples, but reference will be made here only to the contribution made by Saxon trade unions and their readiness to assume entrepreneurial co-responsibility in such enterprises that were not capable of being privatized at the time, thus at least obtaining starting points for a new industrial beginning in the region (see Section 2.6).

The second feature of significance for the regions is based on an ability that is derived directly from the trade union principle of organization itself, i.e. advocating a reconciliation of interests based on solidarity between the individual locations and sectors of the respective region. Admittedly, the readiness to do so does not come about 'by itself', either within the enterprise or within the trade union. On the contrary, just as the transition from the employee's interest in the plant to that in the enterprise and sector cannot take place without consciously working out corresponding positions, the jump from the company workplace to territorial interest policy, from the local level to the region, cannot in turn succeed automatically — a procedure which, incidentally, creates similar difficulties on the opposite side, among enterprises, employers' and industrial organizations. Nevertheless, the acceptance of diverging interests, those of employed persons as well as those of the unemployed, with respect to economically strong corporations as well as with respect to enterprises that operate in the loss zone, is one of the basic requirements of any successful trade union collective bargaining policy. It is this very experience that can enable the trade union decision-making process to move towards a formulation of comprehensive overall interests now under the very different basic conditions of regional policy. The examples from the individual regions cited in our report for such a procedure are so diverse that it would be an arbitrary choice to single one out as being especially characteristic.

Finally, an additional factor gives cause to regard the trade unions as among the potentially most

important regional actors. It is the aptitude they have acquired many times in their organizational history of advocating a policy of nationwide reconciliation of interests and working towards its acceptance on both sides, with the beneficiaries as well as with the donor regions. Again it will be necessary to point out that awareness of the relevance of such a policy cannot be assumed without qualification. Even within the trade unions, a great capacity to differentiate is required in order to distinguish between looking after legitimate regional or company interests and particularism and the surrender of indispensable joint basic positions. Nevertheless, it seems feasible to take advantage of the trade unions' advocacy of equal working and living conditions, which originally served as the basis for the acceptance of centralist inner-organizational decision-making structures in many cases, more so in the future than previously in favour of an interregional equalization of burdens, both in a national and in a European context.

There are very clear examples of trade union efforts for such an interregional reconciliation of interests in the Italian and German trade unions with regard to the north-south or east-west differences in their own countries. Regarding European approaches, reference is made, on the one hand, to the regional policy initiatives of the ETUC and Economic and Social Committee with respect to the Brussels agencies; on the other hand, the 'Interregional Trade Union Councils' that have now formed in numerous border regions are remarkable in this connection because they expressly advocate an accelerated social equalization of neighbouring regions in different Member States of the European Union.

Exploiting the strengths of the one for the benefit of the other

Even though the interdependence of region and trade union can be substantiated with good reasons, there are still no indications of how this situation could be exploited in favour of an offensive strategy for strengthening one through the other. In fact, the sphere of influence of both sides appears much too limited and, on account of very different interrelationships, too threatened to allow too much to be expected solely from the

conscious interaction of region and trade union. The regionalization process is still proceeding *à la carte* in each individual Member State, i.e. at different speeds. Phases of blocking, as are currently seen in the United Kingdom, may run parallel to those of a standstill after decentralization has been effected, as in France, or of crisis-prone aggravation, at the end of which a qualitative gain in importance may result, as at present with the transition in Italy to the Second Republic. Under such basic conditions even the European representation in the Committee of the Regions would most likely be completely occupied with bringing about a minimum of joint position definition of the Intergovernmental Conference in 1996. How is one to acquire then the energy to approach the trade unions deliberately as potential allies?

It would probably be no less difficult for the latter to follow national or European gains in ground on the part of the regions more than passively or, at best, sympathizingly. After all, they also have 'homework' to do, ranging from the struggle against unemployment in the commencing economic upswing phase and the securing of their central areas of influence in collective bargaining policy to the integration of new fields of work, such as that of environmental policy. On the European stage it is not surprising that their strength is primarily sapped by wrestling over the overdue entry into the social union, by setting up powerful European works councils and not least by taking the next steps in the process of Europeanization within their own ranks. How should one then be able not only to upgrade the 'region as a field of work', which was previously deemed to be of secondary importance, but also to work purposefully towards a general extension of the competences of the regions?

The focus on both sides will undeniably be on looking after their own immediate interests. Nevertheless, doing what is most obvious is not always the best policy. Even those who go just a step further may thus indirectly gain support that may benefit them in a totally different constellation. Regions that are committed to trade union participation beyond the legally prescribed limit and also practise this will not improve their position in relation to national or European competition. However, they will promote a climate of democratic integration for their own area which

sooner or later will back up their demand for advancing the process of transferring State competences 'from the top down'. In addition, no one should underestimate the stimulating and model character of such examples which, with the help of the Committee of the Regions, may soon 'get about' from region to region in the respective country, perhaps even beyond national borders, and trigger similar directed initiatives.

The same applies to trade union attempts to advocate the extension of regional autonomy on

such seemingly distant grounds as national or European constitutional and government reform. Of course, neither can more favourable collective agreements be reached nor can additional employment opportunities be opened up in this way. Both, however, have always required more than just trade union organizational strength. In addition, they require trade unions that can be taken seriously as social and political actors in the entire country; and there can be little doubt that this also includes the ability to gain attention in the conflicting field of interests of government reform.

5.2. The calibre and status of the regions in the Union

Different though the statements on the future of the regions studied may be, and indeed must be, we believe that they confirm a basic assumption of this study: the further the limits of accepted regional autonomy are stretched nationally and Union-wide, the more this very autonomy proves to be a development impulse. Those who possess more of it gain a qualitative advantage, which cannot be directly measured in numbers, over another imaginary region under otherwise equal conditions. The consequences of this thesis are of such significance for the further shaping of the integration process that they will first be examined on the basis of the three types of regions analysed.

Regional autonomy and structurally weak regions

The demand for more regional self-determination could clash with the problems of the structurally weak regions. In fact, if autonomy involved nothing but the principle of leaving every region to its own devices, then these regions would undoubtedly be dissociated from the general development. The consequence of this would be that, as a result of internal migration and the outflow of resources, the intolerable backwardness of the regions left behind would eventually creep up on the regions still enjoying favour. Regional autonomy among the structurally weak regions included in this study, from Scotland to Saxony, that does not equate itself with separation at any price cannot include the abandonment of national and,

to an increasing extent, European transfer payment. Instead, the equalization concepts pursued on its behalf will attempt to combine a number of contrary sub-elements. They will assert a claim to 'glass pockets' and efficient use of the external funds and even regard this, as in the case of Campania, for example, as a welcome requirement for the 'moralization' of local policy. However, they will combine the readiness, professed in their own interest, to eliminate any kind of subsidy mentality with an equally emphatic insistence on being able primarily to make their own decisions regarding the deployment of funds and to increase their volume according to the respective tasks.

Autonomy of the prosperous regions

Conversely, the thesis of regional growth in autonomy in the prosperous regions could be taken up and at the same time misunderstood. In a case, as in Italy, where the total volume of regional financial transfers has been high for decades because of the dual economic structure of the country, it was not necessary for the spectacular initial success of the Lega Lombarda or Lega Nord to give political expression to the popular as well as populist protest against the Mezzogiorno as a 'bottomless pit'. In Baden-Württemberg, 'Germany's prize Land', similar complaints about the transfer of resources to the east German *Länder* have been voiced for a long time; no one can rule out that these complaints will become fiercer when the revenue

equalization system between the federal government and all 16 *Länder* goes into effect in 1995.¹ There are similar concerns in Catalonia; and in south-east England as in Rhône-Alpes they are less directly aimed at the regions at the bottom of the list only because their expenditures on the revenue as well as on the expense side are still primarily regarded as a matter for the central State.

Nevertheless, it remains a misunderstanding if the prosperous regions hoped to be relieved of regional equalization costs with greater financial autonomy. If the outlined negative consequences of a distribution of expenses are to be avoided solely according to the principle of 'to each his own', then regional autonomy in this field does not only mean to accept the equalization objective as such but also to 'look at the cards' horizontally, i.e. between rich and poor regions, to a greater extent than previously and thus counter shortcomings; disputes may also arise regarding the total amount of transfer funds required on such a basis. Otherwise, the actual gain in autonomy for the prosperous regions lies in the fact that it provides them in the same way with greater scope in resource use via the usually somewhat more abundant budget funds. No further explanation is really necessary to show that the requirements in this connection are quite diverse in order to maintain the once achieved modernization lead, from infrastructure to science and culture as 'soft location factors', both on a Union-wide basis and internationally.

The role of the traditional industrial regions in the middle

The traditional industrial regions find themselves in a precarious situation in the middle, which does not lead to any fundamentally different result with regard to budget autonomy, however. It is not so long ago that they were considered to be relatively wealthy regions and yet they are

¹ Although all west German *Länder* are on the donor side, Baden-Württemberg is asked to pay more than most other *Länder* because of its economic strength. Contrary to the case in Italy, where the transfer payments have been conveyed, at least up to now, exclusively via the central State, the German financial system, furthermore, allows a precise calculation of the budget volume that Baden-Württemberg 'loses' every year in favour of the east German regions.

now forced to explain the special impact of difficult, often decade-long restructuring to the rest of the country. At first glance this might appear to be fairly easy to achieve if it were enough only to convince the central State authorities of the necessity for massive subsidy payments. The negative side effects of this path, however, include the fact that it is nearly always accompanied by a factual loss of competence locally. It is of minor importance, as shown by the example of Lorraine and Liguria, whether the central influence is exerted directly via the structuring of the aid programmes or indirectly via the investment policy of public corporations. Moreover, the initially 'short road' from the traditional industrial regions to Member State, and today with its help to Brussels, is sooner or later paid for with a growing lack of understanding of the other regions; this can only be countered, in turn, through persuasion at the horizontal level.²

As a result, the advantages of independent responsibility for resources predominate, even for the crisis areas of declining industry, as long as there is, similar to the case of the structurally weak regions, a continued fundamental willingness to take part in the interregional and vertical equalization of expenses. Here again financial autonomy within the given framework favours an economical handling of external grants because it is rewarded with the opportunity of regional use elsewhere. This also applies to the core area of the sector-related restructuring efforts; the more innovation is worthwhile here, for securing competitive jobs as well as for the region, the sooner can advancement of the modernization process be expected. This assessment is confirmed by the observation among the traditional industrial regions we studied that the Ruhr area and North Rhine-Westphalia, which possess relatively great financial autonomy, have also come up with the most successful approaches to regional structural policy. In view of the size of this *Land*, it is only consistent if an attempt is made with an additional 'regionalization' internally to shift the industrial policy courses worked out in dialogue with enterprises and trade unions further 'down' to sub-regions.

² The decades of wrestling over the 'Kohlepfennig', which benefits Ruhr coal mining and requires all energy producers, even in the other regions of Germany, to pay corresponding subsidies, is proof of this.

The competences of independent regions

However, although the respective financial system of each Member State undoubtedly has to provide the backbone for the autonomy of the regions, it does not have to exhaust itself in this process. In this study discussion of the sphere covered by regional competences primarily from the point of view of constitutional law has been deliberately avoided. This would all too easily have led to a fruitless dispute on the principles of the intrinsic value of federal or unitarian government structure. On the other hand, the focus here, from the case studies to the comparative analysis, was to be on the question of what solutions to problems involving regional participation prove to be the most effective for the trade unions in the all-embracing process of Europeanization. Without at this point going further into the question of whether the regions' own State quality is to be viewed in the Union as a logical conclusion of their endowment with competences in the future, a description will be given after the findings of the case studies of what task-related rights are to be allocated to the European regions, and what instruments and guarantees appear to be necessary to give each of them the chance of obtaining a fair position in the future Union.¹

In general, the individual studies substantiate the observation that neither deconcentration nor mere decentralization from the centre to the regions appears sufficient to make adequate use of the shaping scope between nation States 'cut in half at the European level' and the local governments at the lowest level. If the regions are to achieve a status that enables them to independently regulate conflicting territorial and economic interests even in contentious cases, it must be determined without any doubt that it is not possible to bypass them, either 'from the bottom' or 'from the top', whenever State decisions in their territory are essentially characterized by a regional reference. With respect to lower-level political subdivisions, including the local

¹ There are, as far as can be seen, few examples of the transfer of a federally limited State quality from the national State to the regions. However, we do not see why the new ground to be broken here should be tougher than the formation of an economic and, in the end, political Union based on 12, 15 or even more nations in the future.

governments, they should be granted a democratically legitimated regulatory authority which respects their original sphere of responsibility. To be able to counter any centralization efforts 'upward', i.e. to the Member State or to the Union, they additionally require a constitutionally guaranteed and thus legally recognized sphere of competence.²

Details on funding and the competence for setting norms in the regions will not be discussed at this point; the differences among the Member States will probably continue the longest in this field and cause no problems in most cases. Apart from all the details, however, it is surely essential that the regions receive a shaping competence for the economic structural policy adopted on their territory that is approximately comparable in terms of material aspects. It is therefore imperative to have budget funds that are calculable in the medium term, appropriate for the tasks and whose use provides for a scope for decision-making equal to the political weight of the region. Furthermore, it also appears erroneous to provide or prescribe exactly matching forms of intervention to the regions in this field. Whether this involves State or regional banks as is customary in the German *Länder* or whether regional investment funds or development organizations are included may be decided positively in one case and negatively in another. The same applies to the arrangements for taking out State loans and monitoring them. It is important, on the other hand, to define a broad framework for the use of those instruments that ensure mutual understanding and otherwise to promote cooperation among the regions, within the Member States as well as increasingly beyond their borders.

The Committee of the Regions

With regard to Union-wide interregional cooperation, it is also necessary to clarify the future role of

² The contrast between the English and the German situation is taken to extremes here according to legally systematic aspects. While the regions in the first case have to get by without any democratic legitimation on the part of their population, the status of the latter is not only guaranteed by the federal and *Land* constitutions, but can also be checked as to its substance by the constitutional courts of the *Länder* and of the federal government.

the Committee of the Regions. One intended aim of the Intergovernmental 'Maastricht II Conference' in 1996 is to extend the present consultative rights of the Committee of the Regions to make proposals and state its position on the directives governing the Structural Funds and how the Structural Funds are managed to a level comparable to that of the European Parliament. In the medium term the Committee of the Regions would have to ensure that a general regional revenue equalization going beyond the promotion of individual projects is carried out at the European level parallel to the further development of the economic, currency and social Union.

Whether it is, furthermore, desirable and practicable to develop the Committee of the Regions further into a kind of third chamber, in addition to the Parliament and Council of Ministers, in the course of European constitutional legislation, does not require more detailed discussion at this point. It is sufficient to point out that such a concept is definitely feasible for the federally organized Member States.¹ They could effectively put a stop to the fear (see Section 1.1) that European integration in the long run leads to an undermining of regional independence. On the other hand, it is obvious that a European regional representation will not advance far from the average degree of regionalization implemented in the Member States, either in its constitutional status or in its actual weight. It cannot be accepted at the European level in more than a general form, any more than can the principle of subsidiarity. Both need to prove themselves in the area in which they are used, i.e. their capacity to make a major contribution to establishing populist democratic structures. For this reason there is a lot to be said for the presumption that a qualitatively significant strengthening of European regional representation can be primarily reached from the bottom, i.e. by virtue of those countries catching up that have been particularly sceptical of the regional notion up to now.

¹ Out of the 'one-level federal State' that has been set up in one's own country a 'multilevel federal state' would come into being through the EU, according to Barschel (1982). Only they have to remain constructions to a certain extent as long as they do not correspond to a basically concurring understanding of the State structure in the Member States.

Regardless of this, there is no question that the Committee of the Regions in Brussels already plays an important role. It has to ensure 'first hand' that certain basic principles, such as programme support, direct cooperation between Community and regional institutions or the unrestricted participation of trade unions and employers' organizations in the region, are actually practised in the common interest of its members. It is just as important to make it clear through the way it works and via the initiatives it supports that horizontal cooperation among regions represents an indispensable element of integration Union-wide. Since the Committee of the Regions undeniably has the greatest degree of regional policy legitimation among all the European institutions, it can, in this manner, make a significant contribution to rendering the course taken with regionalization irreversible with respect to competing influences.

The territorial structure of the regions

Finally, reference is made to another factor which, if actively taken into account by the regions themselves, will enhance the future importance of the regional principle in the Community. What is meant is the problem already mentioned in the Introduction, Section 1.1, i.e. that of determining and, if necessary, redesigning the territorial structure of the regions such that not only developed identifications but also economic zones are combined whose magnitude corresponds to European standards. It is not surprising that special weight is attached to this question, especially in those Member States such as Germany and Italy in which the regions and thus the regional borders, too, have, or could have in the course of the pending government reform, the greatest importance relatively speaking.²

² In the case of Germany, a decision on the amalgamation of the *Länder* Brandenburg and Berlin can be expected in the near future. For a long time the city States of Hamburg and Bremen have been discussing the possibility of interim solutions with their neighbouring *Länder* Schleswig-Holstein and Lower Saxony with the aim of transferring portions of the *Länder* competences to bodies that are to be newly created between the regions involved. Another debate that is revived from time to time centres on the merging of the *Länder* Rheinland-Pfalz and Saarland. In Italy, a proposal made by the Agnelli Foundation recently attracted attention; it calls for restructuring the country into 12 larger regions in the future instead of the existing 20 and giving these new regions a more favourable economic and fiscal policy structure; Fondazione Agnelli (1992).

From the point of view of the regions, it is equally important not simply to deny that a justified basic notion is contained in the demand for a 'self-supporting size' of each individual region, while sticking to the principle of consensus for any kind of change. If one remained set on declaring the existing territorial structures to be sacrosanct because they are based on regional history, one would run the risk of being forced sooner or later to make appropriate corrections due to outside pressure alone. Or else the regional principle as such would lose a crucial element of its innovative function. If, on the other hand, one wishes to maintain the principle of consensus, it will also be necessary to demonstrate that one is ready and able to carry out reforms by oneself.

As a consequence, the regions have to act innovatively in dealing with their own territory and, if necessary, take an active part in building up 'new neighbourhoods' beyond regional and national borders. The amalgamation of several regions

will be considered in the near future only within one and the same Member State. In addition, it could, at least theoretically, alter the territorial *status quo* to such an extent that not only the regions directly involved but also the others and the respective Member State would have to be won over for such an operation. It is more important, however, to make increased efforts to find interregional interim solutions, such as the establishment of joint special purpose associations or other instruments for an area-related reconciliation of interests between the regions. For such solutions it will become increasingly possible to eliminate those regional demarcations that separate neighbouring areas of different Member States. Moreover, in all regions having a large area there are political subdivisions, such as provinces, *départements* and rural districts, which in some cases have a longer history of unity. Here again thought could be given to sub-agreements and extended regional responsibilities between neighbouring regions.

5.3. Regional guiding models as a shaping task

In the previous section predominantly problems connected with an optimum endowment of the regions were discussed with regard to their financial resources, their competences and the instruments for their use. Considerable attention was also devoted to such aspects in the three main chapters of this study on structurally weak, traditional industrial and prosperous regions. Less emphasis, on the other hand, was placed on the 'why', and what were the overriding objectives for which the extended competences of the regions were to be employed in each concrete case. To put it another way: is there, from a strategic point of view, a project which is relevant for all regions, whose meaningful implementation can ascertain ways out of the crisis and future opportunities as well as depict the intrinsic value of regional autonomy in and of itself? We believe that it is possible to outline such a project by drawing up 'regional guiding models' and regard consideration of the related concepts as a key element in intensifying and qualifying the European process of regionalization.

What is remarkable about this term is, first of all, that it has played a subordinate role to date in the current discussions on regional structural policy, despite its 'typically German', difficult to translate tone and in spite of the connotation it has had in German regional planning and urban development research since the 1940s.¹ On the basis of the Federal Regional Planning Act, which has been in effect since the 1960s, the individual *Länder* do possess State development plans. In addition, there are, as in the other Member States, numerous individual, area-related sectoral or horizontal planning activities, from the local to

the national level. However, neither the one nor the other corresponds to the development of regional guiding models intended here. The latter require more than elaboration of a regional analysis of strengths and weaknesses and of a set of instruments based on that. Instead, the more or less consensual agreement among the various regional actors on a desirable objective of regional development is implied in the notion of guiding models. Accordingly, the discussion of guiding models is accompanied by the demand for comprehensive shaping of regional conditions and not just a description of prevailing trends.

By contrast, only recently has work started on a 'guiding model' for the 'metropolitan region of Hamburg' and the 'region of Bremen, Bremerhaven, Oldenburg' on the part of the two city States Hamburg and Bremen as well as their neighbouring *Länder*.² Insofar as they are in accordance

¹ Helbrecht (1991) outlines the various stages of the guiding principle discussion in German urban development and regional planning research. After the term became widespread in the 1940s and 1950s, criticism set in and continues even today, claiming that the notion of guiding principles is excessively normative and abstract. More recent work, on the other hand, underlines the indispensability of social and cultural utopias in regional planning, e.g. Häussermann/Siebel (1987). Regarding the limits of the term in aesthetics according to cognitive theory, Adorno (1967), to whom the term appears both impossible and imperative, noted much earlier: if one calls for them (the guiding principles), they are already no longer possible; if one proclaims them out of a desperate wish, then they are magically turned into blind and heteronomous powers.... Doing without them, which sacrifices the aesthetic earnestness and admittedly hands over the process to anyone, is just as weak.

² Forum 1994 and Steering Group for the Metropolitan Region of Hamburg 1994; the participation of the trade unions and business associations in regional structural planning was already tried out in the ZIN regions in North Rhine-Westphalia at the end of the 1980s, though one cannot refer to similarly far-reaching developments of guiding principles in this case; see for more detail Chapter 3, Section 3.7. Even in the east German *Länder* attempts are now being made to take into account appropriate approaches in the context of the European support programmes for structurally weak regions (Objective 1 support).

with the approach advocated here, both guiding models merely regard themselves as a preliminary step towards a regional development concept, which is to be followed by an 'orientation framework' and an 'action framework', respectively, as further concrete steps. Their actual test, i.e. creating the basis for binding interregional cooperation between the *Länder* involved, is still in front of them. For this reason alone they should only be used in subdivisions as application examples for the general considerations intended here.

Four characteristics of regional guiding models

One first characteristic of regional guiding models that distinguishes it from otherwise common individual planning activities, scenarios or future perspectives is that, right from the beginning, they steer a middle road between description and vision, between reality description as well as extrapolation of its tendencies, on the one hand, and a utopia, a desirable optimum related to the respective region, on the other. Thus aspects of the altered social intervention and of an initiated development process should also be included in the guiding model. The link to the previously discussed endowment of competence to the regions results from the fact that the latter naturally determine the range of the shaping activities possible at this level. Those who restrict or even eliminate it do not have to worry that significant impulses of any kind might emanate from guiding models or that they might only come about to a considerable extent. To formulate it another way: innovative guiding models require regional autonomy.

A second characteristic that is implied by the concept of guiding models is aimed at combining the individual objectives of planning from the various areas into a basic pattern, a 'profile' of the respective region. Proceeding in this fashion does not mean reducing the complexity or depth of the partial statements. But it does affirm the necessity of specifying priorities and target hierarchies derived from the regional context as well as from general social values. If, for example, ecological aspects are to be combined together into a profile-forming characteristic of the region

concerned, it is important to transfer these aspects to the individual sub-objectives as well as to ensure that they are underlined in the main characteristic of the respective region. The job of the guiding model is now essentially to design the 'transport' of the overriding objectives to the individual statements as simply, logically and transparently as possible.

Another factor that makes regional guiding models viable requires at the same time a concept of the limits of mutability. This means more than merely an appeal not to lose sight of reality and please 'don't get carried away'. It is necessary to assess the degree to which the potential of a region should be meaningfully reoriented and to what extent the setting up of new structures from the inside out also, in fact, leads to permanent improvements in position in relation to other regions. It is not sufficient to implement the generally undisputed impulse function of science and technology in a race of regional guiding models and competing research landscapes. Wherever such institutions are provided, as new approaches or via modification of existing ones, they require extremely thorough consideration of regional integration and plausibility of the boost effect expected of them, especially in this regional environment. This is all the more important if national contributions from the central State or the European level are to be used for their financing.

Finally, the participation aspect is to be regarded as essential for every regional guiding model. On the one hand, it is related to the various stages of the elaboration process. Its most important characteristics are the combination of individual concepts, their integration into the above outlined basic pattern of the region and their feedback in a process of democratic consensus. With regard to the stages of implementation, the determination of guiding models in the strict sense can be distinguished from the elaboration of an orientation framework to which an action framework is connected. Then concrete implementation steps for the respective policy fields are derived from the general characteristic of the region concerned in order to create an action programme that specifies binding periods and instruments of intervention. Additionally correction facilities are to be provided between the sub-steps.

On the other hand, the participation aspect is directed at all social actors in the region; they range from parties, trade unions, business and environmental organizations to citizens' action groups, churches and other representatives of local public life. They are all to be given the opportunity to influence the formulation of the guiding model in their respectively specific, democratically transparent way. It serves the 'process benefit' of such participation, in which the areas of administration and qualified science have to take part in a moderating role, if one is subsequently willing to utilize one's own actions for the central objectives of the guiding model. The shaping of this participation principle within the framework of the 'regional partnership', particularly for the trade unions, will be dealt with separately.

All four characteristics of the guiding model project described only in the most general manner here indicate how much this project is based on impulses and initiatives from the region itself and how it sees itself as an expression of its interests. It would therefore be illogical to want to force its elaboration from the top, on the part of the Member States or of the European Union or to specify a uniform scheme of the procedure, according to which all regions would have to be oriented. There will be considerable differences from region to region regarding, for example, the significance attached to preliminary work on the guiding model process in the subdivisions such as provinces, *départements*, administrative or rural districts. The regional guiding model will focus more on coordination of the sub-regional objectives in one case and take on a more integrating character in another.

Competing guiding models

An overriding interest exists that makes it seem desirable to initiate such projects having common objectives not only in a few especially 'regionalist' areas but fundamentally in all regions of the Community. With regard to the limits of the regional shaping capacity, for example, it is essential to determine the extent to which overlaps exist between the guiding models of different regions that display related characteristics in their initial

situation. One could even say that only with a virtually comprehensive guiding model version can the entire scope of interregional competition within and between the Member States become visible. However, this in itself does not mean an aggravation but only the revelation of competing demands or expectations. That which otherwise only takes place as a game of poker over the respective location has, after all, a chance here of providing for mutual coordination, at least in some segments, and thus of opening up ways to remedy the situation.

The benefit of an exchange process via the guiding models between regions goes further, however. Not only can parallel planning be avoided, but also mutual, horizontally conveyed learning effects can be achieved. This applies in particular to regions of different Member States that are either neighbours and thus geographically related or that have other economic and social structure similarities. One of the most important results of this study is that it makes sense to place certain types of regions in relation to one another across national borders and knowing the weight carried by the related differences. Such an approach will not be fruitful for the regions beyond its scientific relevance, however, until they allow each other insight into their respective guiding model projects. For it is there that the findings on local structural development problems determined in the regional dialogue as well as strategies for dealing with them are first put in concrete terms so that they can serve directly or indirectly as a stimulus for other regions with comparable problems.

In principle, the realization of the benefit of 'looking at the other player's hand' by means of the respective regional development strategies is based on the repeatedly mentioned cooperation between the 'four motor regions'. A corresponding exchange between the traditional industrial regions concerning, for example, how one can combat the universal deficit of sufficiently independent and at the same Europe-oriented medium-sized enterprises would be no less productive, however. This might also apply to the cooperation between those structurally weak regions that we designated as 'blocked in their development' in this study. Comparing the experiences of Scotland and Campania with a

historically much differently formed centralism that finds its expression as a structural development obstacle for both, however, would be particularly interesting the moment the dominance of the national State is modified in favour of the Union. And should one not also be somewhat inspired in both cases by the instruments, support programmes and competences with which the Free State of Saxony attempts to cope with the structural crisis that has so sharply intensified on its territory?

At the European level it would be desirable for the Committee of the Regions to regard itself as a catalyst but at the same time as a focus and moderator for such an exchange of experience concerning regional guiding model processes. More than in the case of any other European body, it would then be clear right from the beginning that the main point here is not some form of involvement from the outside, but essentially a

contribution to finding one's own regional interests. However, no matter how clear it is that the formulation of such target concepts falls within the sphere of responsibility of the regions, it is also obvious that its implementation is of paramount importance both for national and for European levels of authority. Neither one nor the other should be refused, therefore, when they attach requirements to their contributions in the vertical revenue equalization system, as far as the former is concerned, or support programmes according to the criteria of the Structural Funds, as far as the latter is concerned — requirements which are directed at the drawing up and updating of such formulations. Sanctions for failure to fulfil them should not extend to substituted performance in the Member States that have institutionally anchored regions at all because otherwise the shaping task of the guiding models would lose its essential content, at least with respect to the participation aspect.

5.4. 'Regional partnership' between industry and the trade unions

After all that has been said thus far, there is no need to further justify the claim that it is essentially the active participation of the economy and trade unions at the regional level that acts as a yardstick for determining the inner State and inner-societal weight of the regions. The more cohesion and mutual accommodation are created in this context, the more favourable are the chances not only of guaranteeing regional autonomy but also of putting the respective region in a position to assert itself successfully in the single market as well as in world economic competition. However, what at first might seem to be obvious and self-evident proves to be a highly complicated and sensitive matter upon closer examination; it always requires new efforts to achieve a reconciliation of interests between the groups involved and in one's own ranks.

For the trade unions, it was ascertained right at the beginning that presence and acquisition of competence in the region require them to make a substantial shift in their traditional focal points of work. Besides representation of workers' interests at the enterprise level and mostly sector-related collective bargaining policy, besides the national negotiation level, at which one either is directly confronted with the employer side or attempts to push through the general demands of the organization in the dialogue with the Parliament and government, it is now important to include the territorial reference, and under that primarily the regional level, in its autonomous laws and to expand it into a trade union field of work of the same rank. It is not surprising,

therefore, that the results of this study demonstrate on the basis of numerous examples that such a process can only advance over longer periods of time, especially since it encounters very varied initial conditions from country to country with the regional orientation, even on the part of the central State.

Regional will-formation on the part of industry

For the sake of fairness, however, one must say that on the opposite side, in the economy and its business associations, the road to regional representation of interests in the real sense, i.e. distinguished from the mere formulation of the respective individual entrepreneurial interest or the general demand for business-oriented basic conditions, is perhaps even more complicated and dependent on random constellations. Here, too, the willingness to take part in a socio-political process, such as preparation of a regional guiding model, required extensive rethinking of the customary lines of asserting entrepreneurial interests. On the one hand, one is faced with difficulties that are mirror images of those in the trade union field. The coordination of interests between large and small enterprises of a sector, for example, already creates conflicts in the field of collective bargaining policy in many cases, conflicts that can only be resolved into general definitions of position at great effort. It is frequently no less difficult to standardize the diverging views of the

individual industrial branches and their associations into more than non-binding declarations concerning regulative policy, securing of locations or general economic policy courses. Even taking these aspects into account, there is limited inclination to become additionally active at the regional level as long as its competences are not clearly demarcated for its own area.

On the other hand, regional articulation of interests on the part of the economy encounters additional problems. The larger a company is, the more pronounced the tendency to deal directly and on its own with the public territorial authority that it deems to be appropriate with regard to the economic dimension and respective subject matter of the negotiations, whether it be a local government, a region or an entire Member State. The most attractive option here is always taking the 'short path', which saves one the strenuous procedure of reaching a consensus, both in one's own ranks and with respect to the political level, or at least gives the impression of doing so. For, in reality, such processes are either bought with a loss in democratic substance, including the dangers of authoritarian deformation, or other mechanisms for balancing interests must be added in their place and as compensation. Then, however, the gain in efficiency in one place is, in fact, only redistributed at the expense of third parties.

This is not the place to go into the details of making decisions on the part of the economy. It was only necessary to emphasize the differential resulting again for the development opportunities between the regions, i.e. depending on whether they are regions in which enterprises of a national or international calibre are present only via branches or 'extended work benches', or whether the region itself already represents a location that one has to take into account with regard to aspects ranging from its marketing conditions to 'soft factors' like communications, infrastructure and culture. In the first case the economic interests of the region, predominantly brought in by locally based and limited enterprises, will be dependent for their part on innovative impulses and modernization boosts from the outside. In the other case at least the self-designated 'top of the league' in the economy will agree to the regional development horizon only

to a limited degree; at best, they will accept it as the starting point for their world market strategies, with its actual and presumed constraints, in the sense of 'serving the parent company'. Finally, the economy has played a partial special role in traditional industrial regions in which large portions of the locally structure-determining enterprises, many with altered structures, were or are found in public ownership. Particularly in centrally structured Member States, it has often proved difficult to bring national and strategic interests in preserving existing structures into accord with regional development aspects.

The result of all of this was not that the 'regional partnership' or the 'close concerted effort', as they were conceived by the basic agreement of the European Structural Fund (see Section 1.1), became less important. It only underlines the fact that in the triangle of region-economy-trade union none of those involved can fall back on a representative cooperation model that has proven itself at the European average. This applies to the regions because their own status is subject to an often enough described process of transformation in the course of Europeanization. And it applies to the economy and the trade unions in the same manner because they have to adjust to a pole of attraction of public interest that is at cross purposes with their traditional focal points of work and whose scope, ambition and strategic relevance still has to be defined to a great extent — and thus also suggests coshaping.

At the same time this means for the trade unions, in perspective, that they are definitely not in a defeated position with respect to other social actors in the region, in spite of all the barriers to action that have also been described in the case studies presented here.

Institutions and areas of application for 'regional partnership'

If one assesses the cooperation experience of the economy and trade unions covered in this study, its relevance seems to be most pronounced wherever — for whatever reason — a kind of general 'climate of cooperation' has formed in

the regions. Catalonia, Lombardy and North Rhine-Westphalia are especially remarkable examples in this respect. The interest in 'national' independence in the overall Spanish State, with regard to the first case, a pragmatic, participative tradition supported by both sides in the second case and in the third the demands of a long-lasting structural crisis in the core industrial sectors, coupled with federalistically supported competences of the region, have proven to be an important binding agent in each case. As a result, the existing potential is less bound up in rivalries revolving around the reciprocal allocation of roles than result-oriented and can be used for jointly desired improvements in the position of the region.

The region, industry and trade union triangle

Wherever such a binding element is missing or can be found only to a very limited extent, an institution, taken by itself, has achieved little success although it originally seemed to meet the principle of 'regional partnership' in a special way. The reference here is to the regional economic and social committees, as provided for in France and as they now exist in a number of Spanish and Italian regions. It is true that one cannot deny a certain intrinsic value in the institutional framework of the committees that at the same time guarantees a minimum of continuous information exchange between those involved. However, it is again evident that, as far as the matter at hand is concerned, consultative bodies in their weight are bound to the importance of the appointed institution. Wherever their competences are tightly restricted, as is usually the case in the regions mentioned, the committees can no longer exert any influence. Moreover, the regional economic and social committees have had little outside effect to date with regard to their composition and structure.

Regardless of the work or of the existence of such committees, approaches of regional cooperation between enterprises, business associations and trade unions could be noted in many regions, though they were frequently limited to certain segments. Their results, graded in turn according to the scope of the regional autonomy,

are related to questions of vocational training or regional labour-market policy. Problems of infrastructure and regional structural policy in the strict sense have also become the subject of agreements between region, economy and trade unions in individual cases, such as in Castilla-La Mancha. The strength of such a 'close concerted action', which comes into being *ad hoc* and is based on precisely defined fields of work, stems from the fact that they are yield-oriented and lead to negotiation results that can be assessed by all those concerned. Questions of general development of the region scarcely attract any attention in this way, however.

Far-reaching changes would have to be made to the described constellation if an elaboration of guiding models with the described basic principle actually comes into being in all regions. From the point of view of participation outlined, the contribution of the economic and social partners 'on site' would then attain vital importance right from the beginning; it would have to be linked to the notions of public administration, from the local governments to the region, and their politically legitimated representatives as well as of the other regional actors to form a jointly desired project and, if necessary, constantly modified and further developed according to its suitability for the future. In such an altered context bodies such as the regional Economic and Social Committees would also become more significant because they could centre their work on a key project and at the same time distinguish themselves as one of the most competent voices in the decision-making process.

Against the background of the case studies presented here, however, the question of from which side in the triangle of regional policy, economy and trade unions impulses can be expected for a change in the sense discussed must remain open. The empirical findings indicate that apparently considerable outside pressure was previously necessary in order to move the actors mentioned to take more or less lengthy steps of concerted action. This would explain, for example, the relatively rapid installation of coordinated industrial and labour-market policy programmes at the *Land* level in the transformation crisis prevailing in Saxony and Brandenburg; also the path taken in North Rhine-Westphalia evidently

required the impetus of the structural crisis in the coal and steel industry again and again. In other regions politically conveyed motives, such as the objective of regional self-assertion, probably played an important role.

In retrospect it is not necessary to reconstruct which side in each individual case was able to take the most credit for creating regional partnership initiatives or obtained the greatest benefit from it. Suffice it to say that advantageous constellations were clearly present in the sphere of interests of all three sides. It must be added that each side that first takes the initiative and, even more importantly, knows how to enter the process of concerted action with concepts of recognized substance gains a natural lead. This appears to us to be the most emphatic argument making it desirable from the point of view of the trade unions to make efforts to assume such an active role despite all the difficulties.

Europeanization and 'regional partnership'

One point still to be dealt with is the way in which the European institutions can push forward the 'regional partnership', without for their part taking on the position of a monitoring body making all the decisions. The basic foundation is provided by Article 4 of the framework Regulation on implementation of the Structural Funds, which in its current version underlines that all phases of a Community action, from the preliminary evaluation to the *ex post* evaluation, are subject to the requirement of participation of the economic and social partners. In view of the scope of the principle presented here, it can only be logical for the European Economic and Social Committee to insist that compliance with 'close concerted action' in the regions be declared a financing condition on the part of the Community in the future (Economic and Social Committee (1994)).

Nevertheless, one must be warned against overestimating the immediate effects of Article 4 of the framework Regulation. It is very deliberately provided for that the regions receive very different sums from the European Structural Funds; the funds only reach a quantitatively significant proportion of the regional budget in structurally weak

Objective 1 regions as well as in those regions in which larger Objective 2 support regions are located. In all other regions, a tightening of the concerted action requirements 'from the top' may also result in the existing support options not being fully utilized. Excessive crumbling of the demands placed on national and European support programmes may, in extreme cases, lead to blocked development, even in Objective 1 regions. None of this argues against the participation principle in Article 4, for example; it only indicates once again that its application cannot be forced primarily 'through Europe's back door'. In strategic terms, one can conclude that it is important to implement the basic notion of Article 4 predominantly 'on site', in the regions and Member States, not only for programmes with European support, but generally for elaborating regional development concepts in the sense described above.

The Interreg programme, which has been financed through the Structural Funds since 1991, is less far-reaching at the basic level, but instead contains a concrete action approach that results from a specific Community interest. Its objective is to support cooperation between the economic and political actors in the border regions of the Union, regions in which roughly 10% of all European Union citizens live and which comprise approximately 15% of the EU's territory. They are frequently disadvantaged by virtue of the fact that the still differing national legal and social systems are clearly separated and prevent the formation of common economic zones. From the point of view of the Member States, one periphery all too often borders on another even today.

It is all the more important to provide special support to approaches to 'close concerted action' locally within the framework of transnational cooperation programmes with neighbouring municipalities, districts and regions. The trade unions have carried out considerable preparatory work in this connection with their Interregional Trade Union Councils (ITUCs), which we will come back to subsequently. Up to now, however, it has only been possible in one case, that of the cooperation between Lorraine, Luxembourg and Saarland (Saar-Lor-Lux), to install a common institution of the regions with the participation of the economy and trade unions (European Commission (1993c), Müller (1994)).

Finally, it should be noted that additional opportunities for improving the surrounding situation in favour of approaches of 'regional partnership' have come into being at the European level through the constitution of the Committee of the Regions, regardless of the control options via certain regionally related support programmes and regardless of the perspective issues of the European constitution discussion. While the administrative amalgamation of the Committee of

the Regions and the Economic and Social Committee, as stipulated in the appendix to the Union agreement of Maastricht, originally came about more by chance, it may prove to be a good prerequisite for common assertion of interests. Together with the Regional Committee of the Parliament and the Directorates-General of the Commission, it was possible for a European regional representation of substantial influence to form in the medium term.

5.5. Inner-trade union prerequisites for regional competence

Quality of life as an objective

The more the trade unions get involved in the 'region as a stage', as the result of this study indicates, the more clearly it emerges how far-reaching are the adjustments required of them by this new field of work. They are to become supporters of regional autonomy, possibly of a federalist nature, and can easily work out for themselves that their own inner-union structure, with the great preponderance of national headquarters in most cases, cannot then remain the way it is. They are to assume an active role in 'close concerted action' and in a 'regional partnership' and not only have to overcome objections in principle against any type of institutional encounter with the enterprise side; it is also not difficult for them to foresee that they would, indeed, have to content themselves with the role of a hanger-on in public administration and economic interests 'on site' unless they undertake enormous efforts to build up regional expertise, training and competence in their own ranks. They are supposed to upgrade the territorial level and at first, below that, the region as a field of work and be able to draw up conceptual guiding models — and cannot abandon or even merely reduce efforts in either the shopfloor and collective bargaining area or economic and social policy intervention in the national field; not to mention the growing demands placed on trade union Europeanization. What justification is there indeed for claiming such a large amount of attention for regional concerns under such difficult conditions?

In view of the material presented here, it seems to us that the answer is contained in a summary thesis: there is no other area of trade union intervention where the strategic aim of fighting for more quality of life is concentrated with comparable diversity and can be applied as a potential for effecting change as the region. The point here is not to build up the region into an exclusive stage. From a trade union point of view it is neither secondary to commit oneself to better working conditions within the enterprise, nor can it be denied that it is also important in the municipalities or regarding the national level to assert demands of a corresponding qualitative nature. There is certainly no question, however, that the regions, including sub-regions in the case of larger territories, are the place where the yes or no of every transition to 'sustainable development' as well as new forms of an environmentally sound cycle economy must be decided. Those who programmatically advocate such a change in the basic forms of human economic activity, as the European trade unions now do without exception, must be sure not to set little store by their ability to take action at this level.

Balance between business and territorial interests

It is not only the great strategic aim of striving to improve quality of life with its central element of compatibility between ecology and economy at

this level that moves the trade unions to strengthen their regional competence. Upon closer examination the region is also the lowest level at which it is realistically possible to achieve a balance in the inevitable conflict as such between individual enterprise and/or workforce interests, on the one hand, and general, territorially oriented development interests, on the other.

This cannot apply in an exclusive sense, however. Even in the enterprises themselves works councils and grass-roots trade union representatives take on the task of pursuing more than narrow-mindedly corporatist objectives. In the same way trade union local cartels or other forms of predominantly honorary trade union amalgamations in the municipalities or districts attempt to provide an industry-wide definition of employee interests locally. Moreover, without their contribution the regional trade union presence would be reduced to an aloof, non-practice-oriented effort; its result with regard to exerting a shaping influence on public administration and the economy would remain correspondingly inconsequential. It would be wrong, however, to overlook the fact that neither in the enterprise nor at the lowest territorial level such as the local cartels or districts do the trade unions' resources suffice, for example, to formulate on their own an adequately innovative contribution to the regional development of guiding models.

It must be admitted, however, that such an ability does not automatically result in the regional organization, i.e. merely as a consequence of the larger territorial sphere of responsibility. As was regularly demonstrated in the case studies on the traditional industrial regions, individual sectors can dominate, for example, an entire region in such a way that the local trade unions primarily commit themselves to protecting their existing structures over long periods of time and neglect the objective of building up new innovative potential. Nevertheless, such faulty developments can be more easily corrected within the trade union at the regional level, as was also shown by the respective case studies. This can be attributed, on the one hand, to the fact that other development approaches can regularly be found that sooner or later advocate a broader determination of the regional position, despite all monostuctures. On the other hand, it must be assumed

with a certain degree of probability, especially with long-lasting structural crises in certain sectors, that inner-union comparative interregional learning effects or appropriate suggestions in this direction will come about from the national organization headquarters.

In summary, it can be said that purposeful strengthening of the regional trade union level, both based on task-related considerations, i.e. oriented as effectively as possible to the overall objective of quality of life, and for organizational policy reasons, i.e. reconciling business and territorial interests, proves to be absolutely necessary. If this maxim actually leads to a corresponding restructuring of the trade union organizations, however, one must further ask what steps have proven to be meaningful in one case or the other as well as what aids and working instruments have proven to be useful. But obviously it cannot be the task of this study to provide more than general pointers or detailed instructions for taking action.

Upgrading the region as an area of activity

A first basic principle sounds simple in its general formulation but requires intermediate steps for its implementation that are particularly diverse and differ from organization to organization. The region as an area of activity is to be upgraded, is to be conceived as a pivotal point for the territorial trade union presence overall and above all is to be given equivalent importance along with inner-company and collective bargaining interest policy. The ways of achieving this must be different, depending on whether the federations of trade unions traditionally predominate over the affiliated unions, as in the Romance countries, or whether, as in the United Kingdom and Germany, the opposite basic relationship has come about (see Section 1.1). In the first case, as a rule of thumb, one will have to ensure that the sectoral trade unions for their part show sufficient commitment at the regional level and do not merely regard themselves there as a relay station between the enterprise and the national headquarters. In the second case, the aim will be, at least in the case of Germany and Scotland, to

provide the basically undisputed responsibility of the respective federation with adequate weight and, of course, resources so as to make effective use of the regional position of the entire trade union movement.

Another variable, already mentioned at the beginning, results from the fact that the power of the regional trade unions in the Romance countries has been significantly limited to date by the competition among unions with political links. It should be emphasized, however, that an increasingly coordinated approach on the part of trade union regional organizations is reported in several Spanish and Italian case studies. In the case of Lombardy, the unions evidently see themselves at this level as a kind of forerunner for initiatives on the part of single trade union centres. Only in the French regions were no corresponding efforts noted although they are at least as urgent here with regard to the general degree of trade union anchoring as in the two southern neighbouring countries. There is no doubt, however, that the reduction, if not complete elimination, of conflict between unions with political links is one of the main desires of the regional acquisition of competence on the part of the trade unions Europe-wide in the medium term.

Acquisition of competence through participation

A further external condition which was first discovered by the regional trade unions and which makes it easier or more difficult for them to carry out shaping activities at this level can be simply described as 'learning by doing'. Wherever the regions are firmly installed and possess relevant competences and resources, there will also be much greater opportunity for the trade unions to effect regional policy intervention. One can therefore expect for the German, Italian and Spanish trade unions, despite many a nuance in detail, that a conscious redirection of activities in favour of regional presence can be built up correspondingly sooner on the basis of appropriate preliminary knowledge acquired over time; one can expect all the more rapidly here presentable results of such an inner-union upgrading that will also be

sustained by the members as a gain in competence and acceptance of their own organization. In the case of France, by contrast, there will be little profit from the inherent weight of the regions, apart from the regional economic and social committees; conscious preliminary work by the trade unions would have to be correspondingly more determined here. Finally, it is obvious that the British trade unions, including even the Scottish TUC, are faced with the most difficult conditions in this connection. Or, to put it another way, they can only begin to develop into a competent partner regarding negotiations and demands in the regions with the help of individual local authorities, the parliamentary opposition party and a few decentralized planning bodies. In general, there is corroboration of the thesis that regional participation structures, taken in themselves, provide an extremely important training opportunity for the trade unions and should be advocated by them for this reason.

Aid for trade unions in finding positions

Nevertheless, it would be a mistake for the trade unions to view themselves only as externally controlled, dependent on favourable or unfavourable basic conditions, with regard to regional acquisition of competence. The findings compiled in this study furnish a wide variety of illustrative material showing what internal and external working instruments and assistance the trade unions can use to become a significant regional actor. Only a few of them will be mentioned separately at this point.

Cooperation with research institutions is growing in importance everywhere, irrespective of whether they are university or private institutes, consulting agencies, etc. In most regions there is at least a trend towards the formation of networks of research and transfer institutions that are union-affiliated or familiar with their issues; there is a greater density of them, of course, in the prosperous and declining industrial regions, which number among the strongholds of the trade unions, than in the structurally weak regions. The great majority of the case studies on which this is based came from such institutions and testify to their regional policy competence.

Viewed in perspective, it will be of paramount importance for the trade unions to have consultation structures whose expertise is at least equal, and possibly even superior, to that of the other social actors locally with regard to the core issues of regional structural policy from the point of view of the employees, from technology impact assessment and vocational training programmes to ecological and regional planning development concepts. To do so, it is by no means always necessary to create their own institutions. Often it is enough to acquire more symbolic shares in regionally oriented companies and associations that deal with questions of technology transfer, conversion or local labour-market problems. Individual regions have also begun to set up innovation centres, technology parks and development agencies and to involve the trade unions as well as the business associations in their supervisory boards in the course of regional partnership. Similar activities can also be practised for regional business support organizations, to the extent that they exist; in any case the trade unions should insist on appropriate participation.¹

The examples mentioned demonstrate that there is no standard scheme of regional participation for the European trade unions or that one is not necessary. It is crucial, however, that they are able, each in its own specific way, to set up a kind of hinterland, a consultation environment, whose contributions could range from regionally related data collection and procurement of information to considerations for alternative development concepts. Even if it is not necessary or does not appear desirable for these institutions to work completely or predominantly on behalf of the trade unions, there can be no doubt that more trade union resources have to be allocated here. Regardless of all difficulties connected with the trade unions' financial situation, it would be an illusion to want to effect an upgrading of the region as a field of activity exclusively at a zero

¹ In the case of Germany, the trade unions not only benefit from the federal structure, which, for example, allows individual or several *Länder* to possess their own State banks, in whose boards of directors trade union participation has been implemented in most cases (though frequently only to a minimal extent). The institutionalized co-determination in the boards of directors of large enterprises is also helpful in this connection; this results in a significant improvement in the trade unions' level of information on investment decisions of these enterprises, including their consequences for the region.

cost level. Furthermore, an inner-union basis for allocation will be developed or, if one already exists, modified so that the organizations in the structurally weak regions do not fall further behind as a consequence of the suggested internal 'regionalization'.

The capacity of trade unions to shape regional development

This is not enough, however. The more complex the region becomes as a field of activity because the participation opportunities grow and the consulting structures increase in scope and intensity, the more trade union capacity in the real sense is required at this level. The necessity of combining shopfloor and territorial aspects of the representation of workers' interests has already been mentioned. In addition, in view of manifest or latent financing problems on the part of practically all trade union organizations, the division of labour between full-time and honorary officials will presumably have to be changed in favour of the latter. All the more reason, on the one hand, to ensure that regional policy issues are attached sufficient importance in trade union educational and training work. On the other hand, the inner-union formation of will, such as on the basic positions of a regional guiding model concept, will have to be broad enough to make effective use of the potential of honorary union activists that is so important regarding the area covered.

Last but not least, it is essential to initiate, utilize and motivate professional consulting structures, which competent trade union regional policy can no longer do without today; at the same time, however, it must be made clear that their specifications, such as the assessment and implementation of their results, must remain subject to the trade union policy decision-making process. And it must be ensured that a coherent overall position of regional employee interests with coordinated content is put forward by the respective trade union representatives involved in consultative and decision-making bodies that are often thematically and geographically distant, from regional social security institutions and those related to labour-market and economic structural policy in the strict sense, to economic and social commit-

tees or, if applicable, supervisory boards of large locally based enterprises having co-determination. In view of the material presented in the case studies, there is no question for us that the most important argument for upgrading the regional trade union level is contained in the formation and compilation of such a position, ignoring all organization-specific features; at the same time, however, it seems to us that this is the key to really developing the potential of the 'trade union as a regional actor'.

Trade union regional policy activities at European level

The question still remains as how the European trade union institutions, above all the ETUC, might achieve a promoting effect on the process of regional acquisition of competence in the individual member organizations. That is, whether as regards workers' organizations one can say that Europeanization and regionalization are harmonious and complement each other. No further explanation is necessary here with respect to the fact that both the ETUC and the trade union representatives in the Economic and Social Committee have long advocated the previously described extension of the Structural Fund, the basic principle of programme support as well as binding forms of participation on the part of the economic and social partners, as now formulated in Article 4 of the framework Regulation (see Section 1.2).¹ There is just as little need to provide separate proof that the upgrading of the regional trade union level deemed to be necessary here and the parallel redesign of the respective organizational structures naturally lie solely within the decision-making autonomy of the national organizations, and can thus only be accepted and wanted or dispensed with there.

Deserving of special emphasis in the context of these premisses is an initiative that was first born

¹ Special reference is made in this connection to the decisions of the ETUC Executive Committee of 13 and 14 December 1990 (economic and social cohesion and participation of the trade unions in regional policy) as well as of 10 and 11 June 1993 (revision of Structural Fund regulations) and the statements of the Economic and Social Committee of 5 February 1992 (economic and social cohesion) as well as of 27 January 1994 (participation of economic and social partners).

out of local cross-border trade union contacts in the mid-1970s and can now claim to have gained the express recognition and support of the ETUC. The reference here is to the Interregional Trade Union Councils (ITUCs), whose aims include a continuous transnational exchange of experience in the border regions as well as more far-reaching tasks of joint determination of position and interregional social and structural policy activities in the course of consolidation of their substance.² Although the ITUCs have universally lacked an infrastructure of any description to date, there can be no doubt as to their importance for the further joining together of the neighbouring European regions and their trade unions. Their most immediate field of practice, i.e. opening national and thus also regional borders wherever they meet geographically, in favour of more standard presence and joint initiatives on both sides, should not be overestimated at all with regard to its relevance for the durability of Europeanization in any form whatsoever. It was therefore logical for the ETUC to decide in 1991 to invite representatives of the ITUCs to participate in its conventions and in the sessions of the Executive Committee as observers.

It is just as important, however, that the ITUCs are not only supported in their work 'from the top', on the part of the ETUC, but also 'from the side', i.e. by the respective national member organizations, and are viewed as a yardstick for the readiness to upgrade the regional organizational level generally in the European context. Moreover, it is foreseeable that their activities in the medium term will come to nothing if the ITUCs do not obtain comparably interregionally organized target groups of their work from the regional business associations as well as from the respective areas of politics and public administration. This is where the importance of the already mentioned Interreg programme of the Union lies, a programme that could be also be used as an impulse for providing appropriate institutions.

² The first Interregional Trade Union Council was established with the DGB Saar District, the CGT-FO in Lorraine and later the CFDT, too, as well as with the CGT in Luxembourg, ITUC Saar-Lor-Lux. By the end of 1994, the number of IGRs had risen to 22 and regional trade union organizations from border areas of nearly all Member States of the Union were involved. Some IGRs already take partner organizations from border regions of the new Union Member States as well as from the respective regions in neighbouring Central European countries; Müller (1994).

With regard to the status of regionalization achieved today Union-wide, it appears desirable for the ETUC to decide upon a more far-reaching initiative on the basis of the positive experience with ITUC activities. Annual working meetings of trade union representatives sent either from the structurally weak, declining industrial or prosperous regions would be conceivable and could be intensified later. Comparable conferences have taken place since the early 1990s at the horizontal level, i.e. without the help of the ETUC, between the trade unions of the 'motor regions', Baden-Württemberg, Catalonia, Lombardy and Rhône-Alpes. As important as such steps are, it is obvious that, unintentionally, they easily give an impression of exclusivity unless the participation of trade unionists from all comparable regions according to their basic characteristics is guaranteed with the help of the ETUC as well as of the national member organizations.

At first glance it may not be certain whether a significant result justifying the considerable work involved can be expected of regular working meetings of the trade unions from all structurally weak regions of the Union, including participation of the national and European secretaries responsible in the same field of work. Of course, the results of such conferences cannot be anticipated in detail here. However, it seems to us unquestionable that a new quality of transna-

tional, literally Europeanized exchange of experience between the trade unionists working in the regional field of activity would be achieved in this way. It is also the wide variety of details revealed in this study, based on the comparative compilation of certain types of European regions, that leads us to expect a substantial benefit from the setting up of such working conferences.

No matter how important the work of the ITUCs as well as the function of the regional conferences proposed here is judged to be for the acquisition of additional competence on the part of the trade unions locally, however, they are still not able to release the ETUC itself from the task of redesigning its organizational structure in the sense of upgrading the territorial trade union demand for a shaping function. In this respect, too, neither the individual stages nor the result of such a process can be specified by research. Nevertheless, there are signs that, for the ETUC as a whole, regional policy at the European level will take on the relevance of a third field of work having equal status along with social policy and the basic elements of a European collective bargaining policy. Under such circumstances the joining together of the European trade unions cannot and will not be possible without the aspect of direct participation of regional organizations whose competence and autonomy has, in turn, also been strengthened.

ANNEX

I.1. List of case studies and their authors

Auvergne:

Marc Lecoutre
Centre d'études et de recherches, Clermont-Ferrand

Baden-Württemberg:

Frank Rehberg
Institut für Medienforschung und Urbanistik (IMU), Munich

Basque country:

Pilar Gómez Larrañaga
Información y Desarrollo, Bilbao

Brandenburg:

Peter Wilke
ISA Consult, Henningsdorf

German north-west region:

Martin Prange
Universität Oldenburg

Campania:

Tiziana Vernola
Fondazione Domenico Colasanto, Naples

Castilla-La Mancha:

Juan Ignacio Palacio Morena
Universidad de Castilla-La Mancha, Albacete

Catalonia:

Oriol Homs and Maria Caprile
CIREM, Barcelona

Liguria:

Ricardo Mensi
IRES/CGIL Liguria, Genoa

Lombardy:

Marco Maiello
Fondazione Seveso, Milan

Lorraine:

Frédéric Geradin
Institut régional du travail, Nancy

Northern England:

John Tomaney
Centre of Urban and Regional Development Studies, Newcastle upon Tyne

North Rhine-Westphalia:

Ralf Löckener
ISA Consult, Bochum

Rhône-Alpes:

Michel Rocca
Institut d'études sociales, Grenoble

Saxony:

Saul Revel
BASIS, Dresden

Scotland:

Malcom Burn and Peter Smith
Trade Union Research Unit, Caledonian University, Glasgow

South-east England:

Richard Minns
PIRC, London

I.2. EUREG project: The structural framework for the regional case studies¹

I. The region as an area of social development

1. *Outline of the environmental and socio-economic potential*

1.1. *Basic economic and social data*

Outline of relevant aspects of the economy in the various sub-regions; enterprise and sectoral structure; intraregional division of labour and decision-making autonomy of regional enterprises; social structure and living standards; international economic links

1.2. *The environmental situation*

Quality of the environment in the region; needs to be remedied and preventive measures; ecological structural transformation

2. *The region at the interface between endogenous and exogenous factors*

2.1. *The economic development of the region since 1945*

Description of the main steps; growth or decline of the region's locational quality

2.2. *The role of the region in the national economic space*

The position of the region within the national economy; comparison with other regions of a similar type (Objective 1, Objective 2 or prosperous region); the region as a target of national economic policy

2.3. *The role of the region in the single market*

The region's location within a 'Europe of regions'; the region as a target of European structural policy

3. *The political and institutional framework and regional identity*

3.1. *Social forces in the region and regional awareness*

Outline of social and political forces; tendencies towards and intensity of regionalism

3.2. *State structures at regional level*

Competences in relation to the national State; assessment of resources and scope for action; development trends

3.3. *The local government level*

Size, resources, competences; the relevance of the local government — region axis; relationship between regional centres and the periphery

¹ The structural framework was set up through dialogues with the regional cooperation partners and served as the basis for all individual regional studies.

- 3.4. *Intraregional cooperation and European communication in the region*
Relations between social actors: the integrative capacity of the region and its boundaries; participation in European communication networks

4. Regionally and structurally relevant policies: effect on the region

- 4.1. *Labour as a 'resource' — the development of skills and the labour-market*
Level of training and skills of the regional labour force potential; labour-market policy and training programmes
- 4.2. *The research environment and technology policy*
Public- and private-sector research and development resources in the region; fundamental research and transfer facilities; supporting economic development by promoting innovation
- 4.3. *Regional support for economic development*
Instruments and resources available; objectives and forms of cooperation; infrastructural resources
- 4.4. *Assessment of development paths*
Scenarios for developing the socio-economic potential of the region; objectives and assessment of feasibility

II. The trade unions in the region

1. Trade union organization at enterprise and regional level

- 1.1. *Organizational structure at regional level*
Regional affiliated unions and trade union federations in the region; resources and degree of autonomy; relationship between regional and central organization
- 1.2. *Anchoring at enterprise and local level*
Trade union presence in enterprises and at local level; degree of professionalization

2. Regional anchoring of the trade unions

- 2.1. *Organizational structure at regional level*
Outline of historical development within the region; examples of action; relationship between the trade unions themselves, with other regional forces and with the government institutions

3. The regional policy field

- 3.1. *Regional policy as a field for trade union involvement*
Importance of regional policy within the trade unions; forms of trade union participation within the region
- 3.2. *Regional policy programmes and projects in specific fields of policy*
Economy and the labour-market; environment and technology; infrastructures
- 3.3. *Trends towards integrated development planning*
Cooperations with political advisers in the region (scientists, institutions with close ties to the unions); concepts for socio-ecological structural transformation in the region

4. Trade union regional policy in the national and European context

- 4.1. *Centralized and decentralized union initiatives in the region*
Effects of national strategies in the region; linkage to initiatives in enterprises and at local community level; extent to which these initiatives are joined at regional level; influence exerted by competing trade union strategies
- 4.2. *Regional policy and Europeanization in the trade unions*
Structural policy of the EU and regional trade union initiatives; inner-trade union cooperation between regional and European level (ETUC, ESC); trends towards interregional cooperation between trade unions

II. Bibliography on the regions in the study

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