

Networks, Regional Development and Democratic Control

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Abstract

The networking literature has burgeoned in recent years within a complex cross-disciplinary field and particularly in economic geography and regional planning. Networks have been analysed both as organizational expressions of globalization, linked to claims about the rise of the network society, and as territorial and cultural systems of exchange. Concepts of networks and networking have been accepted as positive, and sometimes also as progressive or radical within both social science and policy discourses. In this article we analyse regionally embedded economic networks and the EU's urban and regional policy networks as a new mode of administration, at a variety of spatial scales. Little attention has been paid to the theoretical implications of using the concept of network as a social metaphor or to the operation of actually existing networks, as a result of conceptualizing networks in ways that deny their constitutive inequalities, asymmetries and democratic deficits. This darker side has been pushed into the shadows by the rhetorical emphasis on the benefits claimed for networked organizational forms.

Introduction

Social scientists have long understood economy and society as constituted via relationships of various sorts among individual and collective actors. Differences of class, ethnicity and gender link people in webs of relationships, which are typically hierarchical and characterized by asymmetries of power and inequalities between those linked in these ways. Recently, there has been a growing emphasis on understanding such linkages in terms of networked relationships.

The 'networking' literature has burgeoned in recent years within a complex cross-disciplinary field spanning sociology, political science, economics, geography and planning. As well as relations between people, network analysis has come to encompass relations between people and things, notably via actor-network theory (Latour, 1987). In particular, networks have been analysed as organizational expressions of globalization, with Castells (1996) arguing about the 'rise of the network society', while others have talked about 'networking Europe' (Bort and Evans, 2000). In political science there is a critical literature concerning political networks (Knoke, 1998) and what is denoted as 'informal governance' through networks in the EU (Christiansen and Piattoni, 2003). In this literature many interesting questions are raised such as: Who has the authority to invite participants to join networks? Who participates and on what

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terms? How do we ensure that outcomes are just? Is clientelism reproduced through networks?

Conceptions of networks as alternative 'horizontal' forms of organizing production and governance and as policy instruments have also become popular among some progressive economic geographers, economists and planners. They are seen to provide a new mode of governing, a 'Third Way' between state and market leading towards alternative territorial developmental trajectories. Local inter-firm networks have been seen as a developmental strategy that is preferable both to the market and the large hierarchical firm and to the state and the plan.

Terms such as 'Urban Networks', 'the Firm as Network', the 'Networked Firm' (in a global world; Vatne and Taylor, 2000), the 'Networked Region', the 'Network Paradigm' (Cooke and Morgan, 1991) and the like, have been accepted as positive concepts, and sometimes also as progressive or radical ones. Networks and networking between partners have been particularly fashionable in the EU, embracing scientific collaboration, telecommunications and transportation, university networks (constituted via a variety of epistemic communities) and other policy networks. With respect to urban and regional policy, the EU has been promoting networks as new modes of administration at different scales (among them, neighbourhoods, cities and regions). For example, the European Commission's Directorate-general for Regional Policy and Cohesion provides funding for several thousand transnational networks over limited time periods (Leitner *et al.*, 2002: 293). However, in economic geography and regional development studies little attention has been paid, first to the theoretical implications of using network as a social metaphor, and second, to the operation of actually existing networks, conceptualizing networks in ways that deny their constitutive inequalities, asymmetries and democratic deficits (although see Blokland and Savage, 2001). This darker side has been pushed into the shadows by the rhetorical emphasis on the benefits claimed for networked organizational forms.

As in the case of concepts such as flexible specialization, or learning firms and regions, network concepts have also proved to be very attractive to some neoliberals. This has often led to ambivalence regarding network concepts and networked development strategies and ambiguity as to their meaning and intent. It is sometimes difficult to distinguish where the line is being drawn between progressive and regressive neoliberal ideas and practice. These generalized claims as to the costs and benefits of networks often ignore the heterogeneity of network forms. Social networks vary considerably among themselves in terms of their composition, resources, power and capacity to exercise domination. They can be global as well as local, formal as well as informal. They may embrace sectoral, financial and inter-firm relationships. They can link particular cities, regions and universities. This variety problematizes universalistic claims made about or for networks, something acknowledged by the extensive research in critical sociology, political science and social anthropology. In this literature networks are characterized by patterns of unequal exchange, communication and/or trust between actors is contested, and particular attention is devoted to power relations (Hedetof, 2003). However, this sense of critique is somehow lost in current 'Third Way' visions in critical economic geography and regional studies. Acknowledging this, some characteristics of, and questions about, social networks in economic geography and regional studies may nonetheless be summarized as follows.

First, networks span but do not contiguously cover or enclose space. They cannot be mapped as bounded territories but must be represented via a different spatiality, conceptualized topologically as nodes and links between them. It is perhaps a salutary reminder to those who see 'networks' as a progressive or radically new concept and approach that they formed the conceptual basis of perhaps the apotheosis of the spatial analytic approach in geography (see Haggett and Chorley, 1969). As such, they were roundly and heavily criticized by radical geographers and others in the 1970s, precisely because of their asocial conception of social relations and spatial structure (see Hudson, 2001: chapters 1 and 2). The current deployment of network geometry is undoubtedly

different from the late 1960s. The problem, however, is that it continues to replace social with geometrical/topological metaphors and to approach the spatiality of social relations as primarily dominated by network relations indifferent to and independent from class, gender and ethnicity.

This leads to our second observation, that current network discourses are typically technically over-determined and highly apolitical. The term '*networked society*', used by Castells (1996) to describe the world at the dawn of the new millennium, is based on the effects of information technology, and ends up as a 'nuanced' technological determinism. Networks frequently transcend the boundaries that divide the spaces of hierarchical modes of territorial administration, thereby making it harder for network activities to be regulated from existing political geographical spaces. This is particularly true for economic networks, which connect activities at a variety of spatial scales from local to global. The latter feature is interpreted positively by network proponents and seen as a flexible adaptation to globalization. Few, however, make the connection between the flexibility of networks and the frequent changes of their geographical and social boundaries with the stable (more or less) boundaries of existing multiscale political-territorial modes of administration and accountability.¹

Our third point is concerned with power, an issue appreciated in sociology and political science but neglected in applied network research in economic geography and regional studies. Castells (1996) underlines the difference between territorial proximity and proximity via networks. For him, as well as for others, networks link elites, while people are simply 'local': presence or absence in networks is therefore a critical source of power and domination. The issue of who has the power to determine inclusion or exclusion is thus fundamental. Inclusion in and exclusion from networks and the dynamics between networks are critical sources of power, as the examples cited above illustrate. Furthermore, relations among network partners can also be highly unequal, as they are based on pre-existing social structures and spaces characterized by conflicts and uneven development. Seen in this light, networks are not egalitarian 'horizontal' organizations but are themselves hierarchically constituted. As such, they are more appropriately seen as linked in complex ways to multi-scale and hierarchical modes of territorial administration than as dichotomous alternatives to them (see also Robinson, 2005).

In this article we discuss these and other questions by focusing particularly on economic and policy networks and how they are related to issues of regional development and democratic control. Economic networks follow a typical capitalist logic in which networking is a preferred organizational choice for enabling accumulation. Policy networks usually replace or operate parallel to modes of decision making that have a territorial logic of power. The capitalist logic strives to overcome all boundaries at different scales to increase profits, while the territorial logic presupposes political boundaries within which political power is legitimized and controlled (see also Harvey, 2003).

There are three sets of questions of particular relevance in our discussion here, taking into account dominant ideas from the network discourse. First, from a political point of view, how can we evaluate intensive levels of inter-firm networking as more open and democratic, as encouraging successful industrial agglomeration through the process of so-called 'encouraging learning', and as preferable policy options? Secondly, how can network productive structures and interregional collaboration be encouraged via policy networks to promote regional development? And thirdly, how can democratic accountability and public participation by the agents of civil society be secured in policy networks? In what follows we raise questions about particular conceptions and understandings of networks and their highly optimistic deployment as policy options, sometimes as a result of fad and fashion rather than of rigorous analysis and thinking.

1 Many commentators would use the term 'governance' here but for reasons that we explain later in the article we do not think that this is the most appropriate term to use.

Economic networks, the networked economy and regional development

Since the early 1980s a new orthodoxy has arisen in the academic business economics, economic geography and management literatures: the network paradigm for organizing local production systems is part of this new orthodoxy alongside concepts such as innovation, learning, knowledge-based economies and so on. Participation in such networks has been assumed to be akin to a new best business practice, much in the way that mass production was seen as best practice four decades ago (Maskell *et al.*, 1998). These forms of networking are assumed to allow the development of valuable and mutually advantageous benefits as a result of interaction between their members. This is not, of course, a novel insight as it can be traced back to Alfred Marshall's analysis of industrial districts in Great Britain and to Peter Kropotkin's analysis of small industries in central Europe. The major, intuitively implausible, difference 'discovered' in the 1980s was that these small, networked firms were not an archaic relict form but in fact performed better than large firms and in turn they helped the regions in which they are located towards a more stable long-run development, as they are acting 'from below'. And this was claimed to be true both for individual firms and also for whole 'filières' (commodity chains) in industrial districts (Brusco, 1982; Powell, 1990; Amin and Thrift, 1991; Cooke and Morgan, 1991; Storper, 1997).

Several economic geographers and planners have therefore uncritically imported this idea from the business literature without questioning its validity or its implications. Since the early 1980s the focus shifted from problem to successful regions and to those indicators that portrayed this development. Examinations of both robust regions and production complexes have tended to use indicators of comparative success as criteria for the selection of case studies. Regions such as Silicon Valley, Los Angeles, Paris, Emilia-Romagna, Tuscany and Baden-Württemberg, for example, have stood out as areas that retained industrial employment during a period of deindustrialization and economic decline, due (among other things) to their network-based industrial structure. The perceived economic durability of such regions has led to a focus on the organization of their local industrial activities, social institutions, culture and labour practices in order to identify how they have succeeded while other regions have failed (Scott, 1988; Garofoli, 2002).

Such investigations of regions and industrial complexes have principally drawn their conceptual inspiration from developments in neo-institutional and evolutionary economics, using mainly transaction cost approaches (for an application, see Sternberg, 2000; Benz and Fürst, 2002). However, as well as these approaches that privilege traded interdependencies, there have been claims about the significance of non-market relations and untraded interdependencies that draw more on older strands of institutional economics. This leads to a different theoretical focus, emphasizing concepts such as habits and routines, trust and reciprocity (dei Ottati, 1994). The increased theoretical sophistication and improvements in practical applications that resulted from the use of these approaches were considerable and they helped the discipline of economic geography to rediscover the practical and theoretical importance of the local, the place and the region and the role of local actors. Nonetheless, they were also problematic in certain respects.

First, 'discovery' of successful networked small and medium-sized enterprises (SMEs), first in the Third Italy and later in southern Germany, western Denmark and Silicon Valley, coincided with a surging demand by the international business community for new ideas and successful developmental approaches. Consequently, many (mainly Anglophone) scholars blithely skated over the absence of well-grounded empirical evidence to support the extravagant claims that were often made for networked forms. Although analyses have taken local social and cultural conditions into account, they have retained a focus on the firm *per se*, ignoring issues of local social and environmental costs, while at the same time they have overemphasized other institutional

and social aspects, undeterred by the lack of supporting evidence (for an application, see Mossing, 2004; for a critique see Smith, 1999). For example, networks of SMEs in Italian industrial districts were repeatedly represented as collaborative and equitable networks, with network benefits shared equally among members. For many, the latter claim legitimated the use of SME networks as a policy instrument for other regions. Consider the following quote:

in network modes of resource allocation, transaction occurs...through reciprocal, preferential, mutually supportive actions. Benefits and burdens come to be shared... Complementarity and accommodation are the cornerstones of successful production networks (Powell, 1990, cited in Cooke and Morgan, 1991).

But where in Italy or in other SME networks that have been the focus of study (such as those in Spain or Greece or Denmark) is there evidence that the 'benefits and burdens are equitably shared' and that transactions occur 'through mutually supportive actions'? Anyone who has carried out fieldwork in Italy (and elsewhere in southern Europe) and of course Italian social scientists themselves will confirm that these observations cannot describe conditions in the majority of SME networks (Dini *et al.*, 2000; Mingione and Pugliese, 2000; Rossi, 2004; Hadjimichalis, 2006b). The major problem of most non-Italian analyses of networked firms in the Third Italy is that they tend to idealize regional micro-capitalisms in order to fit them into their 'Third Industrial Divide-type' theories. In so doing, they play down or ignore other aspects of these industrial districts, such as the widespread use of semi-illegal practices (for example, tax evasion), or the low-paid work of women and elderly people, all of which were widespread in the early 1980s, when these networks were 'discovered' (Vinay, 1985; Vaiou and Hadjimichalis, 1997). Many investigators were surprisingly silent about the nature and structure of networks that are thought to stimulate business innovation and regional development. Priority was given to their economic performance, measured via conventional capitalist criteria (a typical neoliberal focus), while the unequal relations between and within firms (parent firms, subcontractors, home workers, non-EU immigrants and 'impanatori'), and between firms and trade associations, received less attention or were completely ignored. Although all members of the network were dependent on the good performance of the entire industrial district, this did not automatically lead to equal and democratic relations among the partners involved. This was particularly evident in the unequal, patriarchal and exploitative social relations of production within Italian families on which reciprocity and trust — two pillars of the network paradigm — were (allegedly) grounded (Vinay, 1987; Blim, 1990).

The second problem relates to the excessive spirit of optimism and exaggerated expectations, which have often characterized discussions of economic networks. Such networks have been viewed as innovative, democratic, adaptive, resilient, open and regenerative economic forms, so those 'that are in a position to adjust most easily to the networking mode of organization are likely to be the most successful' (Cooke and Morgan, 1991: 22). Thus, network forms of economic organization have been assumed to be the basis of successful regional development in the places initially studied, which in turn became emblematic examples to be emulated elsewhere. Furthermore, it has been assumed that these places form models that can be transplanted and used as a policy tool for regional development in other regions. As Cooke and Morgan (1991; 1998) correctly point out, the network paradigm is not so much a theory as it is a potentially rich analytical framework for understanding new trends in corporate and spatial development. But they, as well as other optimists, nonetheless confidently identified it as a defining hallmark of the new economy and advocated network-based policies for regional economic development elsewhere. Thus, the new policy has been named networked regions, in which 'thick layering of public and private support institutions, high grade labour market intelligence and associated vocational training, rapid diffusion of technology transfer, receptive firms well-disposed towards

innovations' (Cooke and Morgan, 1991: 16) are supposed to be the main competitive characteristics.²

The problem with these optimistic perspectives is that their approach to examining successful regions and industrial districts relies upon making assumptions about traits associated with success rather than demonstrating their causal effects via systematic analysis and a rigorous examination of the evidence. Although most advocates of the network paradigm speak of the importance of network density, they have generally not measured the quantitative and qualitative aspects of density. Nor have they attempted to analyse the economic, social and environmental effects. Concealed behind unjustifiable assumptions about the benefits of transaction costs and collective external economies of scale, any local SME network was assumed to have only positive effects. Consequently, it is unclear as to whether those traits asserted to be critical to success are only present in successful cases. Instead, as Leitner and Sheppard (2002) have pointed out, the tendency has been to seek explanations for success *within* successful regions, rather than to evaluate how the embedding of a region within larger social structures and geographical scales has affected its economic trajectory. Thus, cultural practices and social institutions within a successful region are cited as the explanation for that region's success, implying that the causes of success operate at the same regional scale. In addition, there has been a tendency to assume that the benefits not only remain within the network but that they are also equitably or evenly shared among network members. Hence, networks often seem to be connected to a sense of economic fairness or economic democracy, even though in reality there are likely to be differences in benefits accruing to network participants, with the greatest benefit accruing to the most powerful members.

Finally, locally embedded networks have been presumed to be an enduring characteristic of a new era, rather than a transitory phenomenon, and one with a long history of coming and going to boot. Their transitory character became particularly evident in the late 1990s when successful networked regions in southern Europe began to experience economic crisis. International competition from low labour cost regions (in central and eastern Europe and Southeast Asia, the former enabled by the post-1989 geo-political changes in Europe, the latter in particular by the Chinese transition to capitalism), the introduction of the euro, changes in the regulation of world trade exemplified by the end of the Multi-Fibre Agreement in 2004, and rising local costs had three important consequences. First a wave of re-localization of parts of production processes or of whole firms away from the Third Italy, northern Greece and southern Spain. Secondly, a wave of mergers and the formation of vertically integrated non-networked firms (particularly in Emilia-Romagna, Central Portugal and Attica). Thirdly, the increasing employment of foreign, migrant labour in local SMEs (in all parts of southern Europe) led to the replacement of the old reciprocal mode of social association (Crestanello, 1999; Labrianidis, 2001; Baracchi and Bigarelli, 2002; Hudson, 2003; Dunford, 2006; Hadjimichalis, 2006a). So it seems that economic networks are but one option in terms of forms of capitalist productive organization — sharply exemplifying the broader theoretical point that all socio-spatial stabilizations of capitalist social relations are temporary and transient.

To summarize, our argument here is not *a priori* against the advantages of economic networking — on the contrary its emergence should be welcomed — but rests upon its uncritical use as a public and in particular progressive, or even left, planning tool. As often is the case with other similar concepts such as learning, social capital, innovative milieu and institutional thickness, networking concepts are largely descriptive concepts of particular — in time and space — instances of regional success, with limited explanatory power. As such they should not be turned into a planning recipe indicating a model route of success, and they should especially not be seen as a left planning model.

2 Others use different terms to describe essentially the same concept. For example, Amin and Thrift (1991) refer to 'institutional thickness' as a key attribute of successful regions.

Despite this, there has been a growing reliance on networked forms of economic organization as the favoured policy response in deindustrialized regions in the north and west of Europe. In part this has involved continuing preoccupation with attempts to promote the emergence of territorially embedded and integrated networks of SMEs, linked into industrial districts precisely at the moment that the canonical industrial districts of southern Europe are 'hollowing out' at an accelerating pace. They are becoming nodes of control, design and marketing in much more spatially extensive Europeanized production structures, as routine production is re-located to the peripheries of southern Europe and increasingly to those of central and eastern Europe. This is not without a certain irony. Secondly, however, it has also involved seeking to create regionalized networked production structures around major inward investments, predicated on the assumption that there has been a significant qualitative change in the form of foreign direct investment (FDI) and inward investment by multinational companies (MNCs). Specifically, there has been an alleged shift from the precarious character of former 'global outposts' to a more stable form of 'embedded branch plants', with a wider mandate in terms of functions, which can form the hub of regionally-based contracting and subcontracting supply chains. However, these are networks characterized by significant power asymmetries between their constituent firms, which often leave the regions in which they are located vulnerable to corporate disinvestments in a way that bears more than a passing resemblance to the 'global outposts' of an earlier Fordist era.

Policy networks

The policy network literature has primarily concentrated on examining how interpersonal relations among key actors, together with the structural relations among institutions, shape the way in which networks operate and influence policy (see Sternberg, 2000; Christiansen *et al.*, 2003). According to these views networks possess a variety of positive attributes so that they compare favourably with alternative forms of organization in both operation and results (Hudson, 2002). Consequently they are frequently presented as collective and consensual, in contrast to both hierarchies and markets. Network forms of governance are to be preferred as more dynamic, more flexible, and thus more efficient, modes of decision-making. Some have gone so far as to assert and assume that policy networks are more open and democratic than a hierarchical and bureaucratic mode of administration. Although these descriptions may be valid in theory, the reality looks different, as Leitner *et al.* correctly argue:

Little attention has been paid to the relationship of policy networks to the broader context within which they are embedded. Policy, as well as economic networks often reflect and embody structural inequalities within society . . . (that) not only influence who is included and who is excluded from networks, but also affect access to, and control of, resources and thus the actions of network actors. In policy networks the crucial element is the structural relationships between institutions within which actors are situated (Leitner *et al.*, 2002: 282).

The issue of institutions and the way that political decisions are made is a crucial one. Two questions are in order. First, how is the process of selection of network actors and their accountability defined and by whom? And second, do networks replace existing democratic socio-spatial institutions operating in parallel, and to a degree interlinked, to them? These questions deserve attention because during the last 15 years in Europe and beyond we have witnessed a process of neoliberal transformation from public/local administration, accountability and justice-politics, to what is widely accepted as 'governance'.³ The introduction of this new term — which, however, dates back to

3 Hence, our concern expressed earlier with the use of the term 'governance' precisely because this is generally used to denote a mode of governing that involves a wide range of social actors as equal partners in decision-making processes.

thirteenth-century French and which remained unused until its recent reintroduction by the World Bank and IMF — is not innocent. Indeed it is deeply ideological (Smouts, 1998). Today it incorporates decision-making processes from corporate structures using business competence metaphors to legitimate decision-making by appointed elites, implicitly seen as analogous to boards of directors in private sector firms. Technically this may sound more efficient but politically it presents major problems. This is so because so far, at least in principle, public/local administration and politics was based in a spatial/territorial framework of political power, where citizens elected representatives and accountability was possible. Capitalist development requires both the economic logic of unbounded spaces and the territorial logic of political constituencies at various scales and for specific time periods. The result was an uneven geographical landscape which, as Harvey (2003) has illustrated, at a later point in time needed to be subjected to a 'creative destruction' to permit further capitalist expansion, and so forth.

Whereas in the public/local administration logic, a political territory, usually a nation state, is a continuous and contiguous part of the earth's surface, in the governance logic the nation state is assumed to be 'hollowed-out' and the political territory is constituted less as before and more as policy networks, depicting geographical space topologically, as discrete points (nodes) bound together by lines (links). As such, a policy network discriminates between those nodes that are hooked up to it and those that are not. The tension between the two concepts and organizational principles of policy network and political territory becomes manifest when networked forms replace institutions, modes of service provision, modes of justice-based administration and public control that were previously organized on a territorial basis, within discretely bounded territories. In short, tensions emerge when networks become autonomous and detached from the processes through which democratic control is exercised (Jönsson *et al.*, 2000: 23). An example here is the change from a regional policy aiming at social and spatial justice for all lagging regions, to a policy based on networks of cities and regions to promote competitiveness among them and with networks, cities and regions elsewhere. In this respect policy networks may be seen as the 'soft creative destruction' of territorial frameworks of political power.

Although there is not a deterritorialization of political life as such — the space of places has not been replaced by a space of flows — there is the possibility of the simultaneous existence of both networked and territorial modes of governance (*cf.* Robinson, 2005). This runs the risk, however, as the contemporary practice of the EU demonstrates, that interesting, innovative, and highly promoted and financed actions will be secured in the domains of networked forms of governance, while the routine, backward, ineffective and non-financed parts become the lot of the territorial model, which may result in a further devaluation of the local democratic process itself.

Because policy networks often connect non-contiguous political units, network geographies stand in sharp contrast to the familiar political map of nations, regions, urban centres and the like on which the institutions of civil society, at least in Europe, are based. This (old, modernist?) map is frequently attacked because of the fixities and rigidities engendered by its bounded spaces and on account of its incapacity to deal with the new demands of the contemporary (neoliberal?) era of globalization. While appropriate in relation to many instances of contemporary life, these criticisms have only limited validity. This old map was created not only by capital accumulation and authoritarian governments but it was also the outcome of citizens' struggle to implement their democratic achievements. Citizens in Europe and elsewhere have struggled to secure many rights via enshrining them in this old map — from free elections, free movement and minimum wages to popular participation, public control and welfare systems. These rights contain a spatial, territorial element, and indeed are grounded and defined territorially. They are part of a European civil tradition and as such seem to be under question and threatened by some aspects of the network paradigm. A case in point here was the debate in France about the new European Constitutional Treaty, which

ended in the 'big NO', in which a key issue was precisely the network governance model across Europe and the marginalization of citizens' participation and democratic control (see *Le Monde Diplomatique*, January 2004).

These developments are clearly visible in both the current and past attitudes of the European Commission, which continues to strongly support network modes of governance for urban and regional development issues (see Schmidt, 2002: 246–250). Among the networks promoted by EU we can note at the urban level '*Quartiers en Crise*', '*Urban Sustainability*', '*Demilitarised Cities*', '*EuroCities*', '*European Urban Observatory*', '*Black Sea Ports*', and others. At the regional level networks include *INTERREG*, '*Arc Atlantique*', *ECOS-OUVERTURE*, *PACTE*, *RECITE*, the famous '*Four Motors Regions*' and others, the majority of which are coordinated by DG XVI.

These EU-initiated networks are dominated by non-elected public officials, professionals (academics, planners) and business interests from participating cities and regions. There is little input from the organizations of civil society such as unions, citizens' groups and issue-oriented movements and NGOs, and even from local elected officials. The end result is to reproduce a kind of 'local' democratic deficit, which echoes that evident at the top of the EU administration, while at the same time representing the networked approach as progressive, 'from below'. It is, however, an unashamedly neoliberal framework in which self-organization is best left to networked firms and professionalized networked modes of governance. Again as Leitner *et al.* correctly argue:

Policy networks, such as local public-private partnerships and those linking different localities, are seen as capable of ensuring competitiveness and innovation. Neoliberal governance is content to delegate authority to experts insulated from the democratic process, located in urban development agencies and the like, who can be relied on to develop best practices. Neoliberal policy networks are thus accompanied by de-democratization of the political process (Leitner *et al.*, 2002: 501).

This gives rise to a major problem: the lack of social and political accountability of policy networks, not least as the discursive emphasis is upon communication within the policy network rather than between policymakers and the public(s) associated with the territorial framework (Schmidt, 2002: 235). It seems, therefore, that actually existing policy networks as a mode of governance have followed a neoliberal approach, are largely composed of non-elected members, and by their very nature are discriminatory against certain social groups and places. These points can be illustrated with three examples: the changing mode of governance and governmentality in the UK; the changes in the famous Dutch planning system; and the unequal relations within policy networks which include one or more partners from Europe's periphery.

Starting with the UK, there was a broad consensus from the mid-1940s on the necessity and/or desirability of indicative planning, pursuing socio-economic developmental targets within a social democratic framework. However, this consensus was undermined by three, partly interlinked, developments from the mid-1970s: first, the growing fragility of the UK economy; second, the chronic inability of the state to meet its planned targets; and third, the growing fiscal pressures on the state. Together, they provided the context for a radical shift to a neoliberal politics. This involved replacing planning and the production of plans with strategies that simply sought to adapt to (what were represented as) uncontrollable global economic forces, selectively reducing the extent of the public sector, and devolving responsibility for economic development to urban and regional organizations (Hudson, 1989).

These organizations were often specifically invented for this particular task and charged with creating new networked forms of governance, involving a range of partners in policy networks that crossed the boundaries between economy, state and civil society. The role of the national state was defined as both enabler and controller, providing limited resources to lubricate these networks while setting national standards and targets and disciplining those who failed to meet them. For example, new regional development

agencies (RDAs) were set up in England in 1999. They were required to act as nodes in regional policy networks, helping construct new forms of networked governance for economic development incorporating the RDAs, sub-regional partnerships and local strategic partnerships, often involving creating task forces as temporary coalitions (mimicking tendencies in the private sector; Grabher, 2002) to try to tackle particular problems of industrial decline and territorial development. However, they were constrained to operate within minimal budgets and nationally set guidelines and targets, so that much of their de facto role became the administration of specific central government-funded initiatives.

These organizations nonetheless allegedly led to a synthetic approach that produces 'joined up' forms of networked governance but it is an approach that makes scant allowance for regional specificities in addressing developmental agendas. All regions have produced strategies that reveal a remarkable generic resemblance. For example, all the RDAs emphasize the promotion of 'clusters' as their preferred mode of economic development, often in unlikely activities (for example, 'voluntary sector clusters'), although there is little evidence to support such an approach to promoting successful regional development. Indeed, an emerging body of evidence on business linkages suggests precisely the reverse (Gordon and McCann, 2000; Malmberg *et al.*, 2000; Simmie *et al.*, 2002).

Moreover, there has been a marked selectivity as to which interests and organizations became represented in, and dominant within, these new policy networks. Conversely, the marginalized and socially excluded were further marginalized as these policy networks became dominated by private sector interests and agendas, driven by pressures to attract FDI and meet the challenges of global competition in regions that were becoming increasingly polarized, socially and spatially. Processes of decision-making became even more obscure and opaque as the key players in policy networks increasingly became unelected appointees and self-selecting members of small cliques of the regional great and good. Often it seemed that the 'usual suspects', the same well-known faces, had simply shifted seats.

Our second example takes into account the observations by Dutch planners about developments in their famous planning system. They are of particular interest in the context of disjunctures between networked governance and democratic territorial political interests. According to Haijer and Zonneveld (2000), the emerging picture of the spatial planning of the supposedly networked society in the Netherlands is dominated by a general scaling up of social process. The dominant assumption (echoing Castells) is that physical proximity no longer matters socially and that network connectivity is the name of the game. Consequently, local, regional or national scales matter less and less. In the network society, there are no agencies with a territorially defined constituency and so there is no need for elected officials to support/oppose plans.

In this sense established planning procedures in which public participation was a prerequisite for a plan's implementation were called into question. Public participation in the corporatist Dutch model took place after plans had been made public — that is, at a time when local and regional agencies essentially lent their support to them. Round tables, public hearings, collaborative planning, and participatory planning took place after consensus had been secured among different players. The previous stable hierarchy between local authorities/local politicians (elected representatives), planning agencies and the public was not ideal but at least it secured a minimal degree of control over local affairs. In contrast, in the emergent network society a new generation of practices is required, one in which the notion of 'elected representatives' with accountability to particular places/people is absent. Thus:

The forms that exclusion takes, with discussions dominated by networked local elites relying on professionalised governance and decision making, can facilitate implementation of a neo-liberal agenda of competitiveness and innovation (Haijer and Zonneveld, 2000: 342).

While significant in the Netherlands, such developments are far more important in less established planning systems such as those in southern Europe, where the neoliberal agenda more easily destroys the weak structure of local authorities.

These difficulties are illustrated in our third example of policy networks and projects financed by the EU, which include one or more cities or regions from 'less developed areas', or 'less favoured regions', usually, until the late 1990s, in southern Europe. Their presence there was a requirement of EU tender procedures and/or as part of a strategy by northern-central European teams to increase their chances of winning contracts. According to interviews carried out in southern Europe with local authorities and development agencies (between 1997 and 2000), once the network was finally established there was an inherently uneven power structure among its members. This was due to three factors: first, uneven economic conditions and experiences with EU affairs; second, different institutional and civic traditions; and third, different cultural and political characteristics, including the problem of dominant language (usually English) in which all discussions, meetings and reports have to get used.

It could be argued that precisely because of these differences, the construction of pan-European networks is a positive step forward. While there are undeniably many positive aspects — such as regular meetings of experts and the transfer of experiences — significant 'trickle down' effects to the less developed regions are very limited. This is because core network members rarely appreciate the different positionality of southern members. They continue to operate within their own established procedures and systems to complete the project as soon as it is possible, receive the money and press on to another project (and source of further money). They assign minor and secondary roles to southern members (the 'case studies'), a tendency reinforced by the question of language. The majority of EU networks are Anglophobic and as a result, research questions, methodologies and policy agendas are often oriented towards Anglophonic or northern European experiences, which are not always appropriate to southern and other European development problems. Relations rarely persist beyond the completion of a project, while core members are more likely to continue with 'follow up' projects with other EU partners in southern Europe, confining their erstwhile southern partners to a mention in a glossy brochure publicizing the positive outcomes of the previous project. With the recent enlargement into central and eastern Europe, the interests of core members have also moved eastwards and it seems that the southern European experience will be repeated there as well.

Final remarks

The network discourse has added considerably to our understanding of economic and political processes. It has uncovered many limitations of previous analytical frameworks in both economic geography and regional development studies in terms of their conceptualization of administration and organization simply in terms of hierarchical and scaled systems. There is no doubt that network concepts offer fresh analytic perspectives on capitalist economies and provide useful insights into the internal organization of firms and into the linking of firms into production systems.

However, the concept of network also implies asymmetric power structures, exclusion and lack of accountability, issues that are widely discussed in sociology, social anthropology and political sciences (for example, Bourdieu, 1984; 1999) but remain largely ignored in the literature we are criticizing, with the partial exception of Grabher (1993), dei Ottati (1994) and Smith *et al.* (2002). In the new orthodoxy of the networked paradigm in regional development, it seems that we face a double movement: in economic networks, the unbounded, scalar spaces of accumulation are re-conceptualized as bounded territorial networks within particular regions; in policy networks the 'old', bounded territorial logic of political administration is re-conceptualized as an

unbounded network form of governance. In other words, what is at issue is the imagination and conception of the network, mainly as technical and organizational and indifferent to social, political and spatial content and context. This double movement is deeply problematic, as Kirsten Simonsen argues:

Setting spatial elements such as networks, flows and fluids first and raising them to the status of 'ontology', 'paradigm' or characteristics of society, they tend to reimagine spatial form as self-referential and indifferent to social content. The unintended consequence of such a move might be a naturalization of 'spatial' process . . . This, of course, is a political as well as a theoretical problem (Simonsen, 2004: 1337).

In short, consideration of political and theoretical questions remains absent from much of the network discourse in economic geography and regional development studies. For instance, issues such as the relationships among networks of firms, labour and the state in structuring flows of value and the ways in which different sites become connected because of networks of power within the scalar organization of space remain largely unreported. Again, the dominant questions of progressive leftists and neoliberals alike focus on the efficiency, adaptability and flexibility of networked forms, assuming self-organization and collaborative forms of action. Few have inquired as to the ways in which these networks are embedded in local class, gender and age relations and chronically characterized by asymmetries of power between those participating in them. Equally, they are blind to the ways in which the celebrated and much vaunted qualities of reciprocity and trust are related to authoritarian family rules; and to the ways in which network flexibility is achieved through exploitative labour conditions, sometimes linked to illegal practices and/or illegal migrant workers (Hadjimichalis, 2006b). This is not a simple omission of some parameters or empirical aspects of economic networks but a theoretical failure of the network paradigm itself in the context of the new orthodoxy in studies of regional development, which prioritizes topological organization and underplays social relations. Similarly in policy networks it is assumed that networked forms of governance guarantee greater administrative efficiency and adaptability to the demands of globalization. Again, few are asking the political question of whether these networks are bypassing established modes of democratic accountability and whether public participation by the agents of civil society (beyond firms) takes into account the inherent inequalities among theoretically equal participants.

And finally, the suggestion that these translate into progressive regional development strategies is much more contentious, and one that we challenge, strongly. There is nothing that can justify an *a priori* assumption as to their superiority as policy options. Nor can one see them as preferable to other forms of capitalist production — and even less can one see them as radical alternatives to it. We remain sceptical about the analytical perspectives that have been used to date and about the unwarranted excessive optimism that underlies their use as the basis of policy instruments. We recognize the deficiencies of existing inefficient modes of multi-level governance at different scales but insist that this is no reason to abolish the established (and often hard fought for) right to democratic control and the demand for accountability. In an ironic twist, the democratic deficit at the top level of the EU is downscaled via the network paradigm and in no way should this be understood as a progressive or even radical development.

In conclusion, and echoing Stuart Hall (1991), we want to emphasize that there is a profound danger of conflating changes in academic thought, fad and fashion with alleged changes in the social worlds that academics analyse and describe. The major problem in dominant conceptions of networks in analyses of economic relations and governance of regional development is that power relations and power hierarchies existed long before these networks came into being. As a result, these networks are unavoidably enmeshed in relations of inequality. In particular, it is critical to acknowledge that 'really existing networks' are far from democratic because of uneven development among their nodes and links. Internal network structures reproduce power hierarchies, participants have unequal influence over network outcomes and benefits are unequally distributed

among network members. While there is a strong rhetorical emphasis upon partnership, and equality and equity between partners, the reality is one of asymmetric power relations, of inclusion for some and exclusion for others — something that horizontal conceptions of networks in particular seek to deny and gloss over. This lays the basis for the inevitability of new forms of democratic deficit and political unaccountability, with all the potential dangers that such a development brings.

Postscript

This conclusion holds all the more strongly if the discussion of networks is extended to encompass the powerful and often secretive global economic and policy networks that have a profound influence on the daily lives of people, dominating the space of daily life (not least via the militarization of public space, especially post 9/11 — witness the ‘humanitarian bombing’ of Kosovo, the ‘liberating’ invasion of Iraq and so on). As Nancy Fraser (2005: 81) has recently put it, ‘the forces that perpetrate injustice belong not to the “space of places” but to the “space of flows”’. In this context, the hope for the future lies in popular networks such as the Global Social Forum and the European Social Forum . . . but that is another story which requires elaboration beyond what is possible in this article (though see Hadjimichalis and Hudson, 2003, for a small part of it, and Hadjimichalis and Hudson, 2006, for a further installment).

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Résumé

Depuis quelques années, les publications sur les réseaux se multiplient dans un cadre interdisciplinaire complexe, notamment en géographie économique et aménagement régional. Les réseaux ont été envisagés à la fois comme des expressions organisationnelles de la mondialisation, liées à des affirmations sur l'essor de la société en réseau, et comme des systèmes d'échange territoriaux et culturels. Les concepts de réseau et de mise en réseau ont été reconnus comme positifs, parfois aussi comme progressistes et radicaux tant dans les discours des politiques que des sciences sociales. Cet article analyse les réseaux économiques ancrés dans les régions, ainsi que les réseaux de politique urbaine et régionale au sein de l'UE, en tant que nouveau mode d'administration, à différentes échelles spatiales. On s'est peu intéressé aux implications théoriques de l'utilisation du concept de réseau comme métaphore sociale, ni même au fonctionnement des réseaux existants. Cela provient du mode de conception des réseaux qui exclut leurs inégalités, asymétries et déficits démocratiques intrinsèques; cette face cachée a été éclipsée par l'orientation rhétorique sur les avantages invoqués pour les formes organisationnelles en réseau.

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