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"LOCAL" DEVELOPMENT IN SOUTHERN EUROPE: TOWARDS A NEW MYTHOLOGY

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Introduction

During the 1970s and 1980s, the changing role of southern European economies in the international division of labour (vis-a-vis northern Europe, Middle East and northern Africa) was affected among others by declining industrial growth in "old" growth centers and regions, reduced migration flows and the flourishing of new productive activities in certain semi-urban regions and away from large cities. This kind of *productive decentralization* – and the important role of small and medium enterprises (SMEs) in it – has been a major element in shaping a new geography of growth and/or marginalization and a new spatial organization of power.

A common interpretation of these characteristics until the 1970s has been that of "backwardness" and "underdevelopment". More recent analyses based on changes in the international division of labour and on changes from fordist to flexible production sytems have interpreted these characteristics as "peripheral fordism" (Lipietz, 1987), or as the rise of new innovative industrial spaces similar to those observed in northeast-central Italy, known as "Third Italy" (for Portugal see Cooke and Pires, 1985; for Spain see Costa Campi, 1988). And finally, since the mid 1980s, the combination of "development-from-below" theories with certain success stories of local capitalist development, have generated widespread beliefs that alternative policies promoting indigenous local development based on SMEs would diffuse growth potentials like those in Third Italy all over southern Europe, giving an end to long-standing social and spatial inequalities (OECD, 1983; Piore and Sabel, 1983; Stohr, 1986; Vasquez-Barquero, 1986).

"Local development" thus became the new catch phrase, a new kind of development doctrine during a period of great financial difficulties on

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the part of the central state. But, as has often happened in the past with similar fashionable terms, they repeat old errors or create new confusions in which everyone can read their own hopes and fears. Especially at the policy level, while these interpretations avoid known mistakes of the past, they are unable to understand the particular local characteristics of various success stories which cannot be transferred to other places. In this respect a new *mythology* tends to be established with its optimistic and celebratory visions of decentralized production, indigenous development potentials and flexible specialization futures, based on an extremely simplistic and to our view wrong understanding of spatial and social change (see also Amin and Robins, forthcoming).

The purpose of this paper is threefold. First, we address the significance of certain local characteristics for development of southern European localities and discuss whether known successful examples of local capitalist development can be used as a blueprint elsewhere. Second, we describe an alternative interpretation of local development characteristics based on six major restructuring issues. And third, we discuss the political implications of local development policies. Special attention will be given to the "micro-foundations" of uneven development and the local conditions of reproduction of exploitative work relations.

Current changes in the spatial division of labour and in developmental policies

Perhaps the most important change from the mid-1970s onwards, was the challenge of the traditional distinction between a prosperous industrial core or cores and a stagnant agricultural periphery. For many years, commentators on southern European uneven development, influenced mainly by the Italian pattern, repeated this explanation which in certain cases acted as a model for Spain (Munoz et al., 1979; Buruaga, 1983), for Portugal (Holland, 1979; de Oliveira, 1983) and to a lesser degree for Greece (Evangelinides, 1979). These observations and ideas create a set of general beliefs that people in rural southern Europe have a strong penchant for being idle and have low regard for thrift; that their lack of modernization does not permit a rational productive programme; that their low incomes are due largely to their inability to save and to adapt to new techniques and new demands of the market; and finally, that these inadequacies, especially the dualistic dichotomy between urban and rural areas, can be overcome only through deliberate and innovative planning policies (OECD, 1979).

In fact, regional policies introduced by different state agencies were founded in these hypotheses and in a relatively standard geographical

picture of growth which was based on the north–south/urban–rural dichotomy in specific regions. So, "growth" in Italy was synonymous with northern regions (with the exception of Valle d'Aosta, Trentino and Friuli-Venezia). In Spain it was northern regions including Madrid and not Galicia, while in Portugal and Greece it was major cities along the coast with their hinterlands like Oporto, Greater Lisbon, Greater Athens, Thessaloniki, Patras and Volos. It was not by chance, therefore, that regional development policies until the 1970s were based on strong state intervention into "backward" rural areas via forced industrialization in large growth poles, agricultural modernization and mechanization, and large tourist projects (Hudson and Lewis, 1984).

Since the mid-1970s distinctions, like urban–rural, north–south, development–underdevelopment, and regional strategies, like growth poles, have become highly problematic, hazy and inefficient, both in describing uneven regional development and in guiding state intervention in southern Europe. From a theoretical point of view, they tended to use dualistic and monocausal explanations for a very complex socio-spatial process. From an empirical point of view, they were unable to understand the signs of a new kind of rural and semi-urban dynamism that would have been considered unlikely even a decade ago (Bagnasco, 1977; Paci, 1982; Lewis and Williams, 1987). Capitalist development started to flourish not around the poles as a planned trickling-down effect, but rather spontaneously in other regions and localities, whose economic performance, social division of labour and degree of state intervention was at an "intermediate level", between old industrial centers and traditional rural regions. The pattern has become clear in Italy since the early 1970s, in Spain since the mid-1970s and in Portugal and Greece since the late 1970s or early 1980s. In the most accessible regions population decline has been reversed, due to lower rates of outmigration and an increase in the number of returning migrants (King, 1986). Economic activities have started to expand with family agricultural enterprises becoming more commercialized and diversified, construction booming and private prosperity evident also in high levels of various forms of consumption. The spread of SMEs into their privileged rural areas has played a key role and the same is true for tourism, mainly along the coast and in certain islands.

Numerous factors have been picked out as contributing to this process of rural transformation, and productive decentralization ranging from push factors such as shortage of space and traffic congestion in large urban centers to a combination of pull factors such as the existence of raw materials, good accessibility, clean air, clean beaches and low taxes. The emphasis is on "locational" and "environmental" factors to explain the present urban–rural shift in the same way as described in Britain by Keeble (1980) and in central Europe by Keeble et al., (1983).

An alternative view has been promoted by those who analyse evidence on the current expansion of small scale manufacturing activities in non-metropolitan areas (Bagnasco, 1977; Fuà, 1983; Hudson and Lewis, 1984);[1] on the current transformation of agriculture (Garcia-Ramon, 1985; Hadjimichalis, 1987; Mottura and Mingione, 1989); and on the role of services, particularly tourism (Garcia-Herrera, 1987; Williams and Shaw, 1988; Leondidou, 1988). The extent of economic expansion away from the traditional urban and manufacturing centers in the four countries should not be exaggerated. The bulk of activity is still to be found in the major cities, while multinational investments still prefer urban settings, like Japanese manufacturing investment around Barcelona and Arab banks in Athens. However, the clear evidence from case studies is that in 1972–83 older industrial centers were losing their share of employment and productive dynamism towards what has been called *intermediate areas* (see tables 1, 2, 3, 4; and Arcangeli et al., 1980; Garofoli, 1983; Ferraõ, 1985).[2] The sectoral and geographical composition of their productive system is more flexible and diversified compared with old industrialized regions or marginal mountainous areas. In these areas the relative development of infrastructure and communications, certain regional incentives to capital, and the existence of good irrigated land, beaches and monument sites – along with the lack of strict land use regulations – have permitted the coexistence of medium and small industrial firms, tourist facilities and intensive agricultural production. Through efficient use of local resources, certain local entrepreneurs have been able to weather the recession and the present economic crisis which hit old industrial regions particularly hard.

Since the mid 1980s, empirical research on local development processes in these regions combined with theories of development – from-below or autonomous and self-reliant development have resulted in strong proposals for regional action. According to these views, while in the past local development has taken place in a spontaneous manner, now it can be designed to implement a policy "from below" (OECD, 1983; Musto, 1985; Stohr, 1986). The proposal has gained substantial support in Spain (Vasquez-Barquero, 1986; Instituto del Territorio y Urbanismo, 1987), Greece (EETAA, 1988) and Italy (Garofoli, 1988). It has also attracted substantial interest and support from various EC programmes such as the Social Fund (training programmes for advisors on local development planning) and the programme SPRINT (helping SMEs in local areas for technological improvements, as in Prató). While in official documents European Community (EC) policy still promotes regional development, much attention and money are channelled towards local small business initiatives, without necessarily passing through national or regional committees for approval.

As in the past with other catchy ideas, "local development" has

Table 1 Changes in Regional Productive Structure, Greece 1958–1982

Regions	Index of Gross Regional Product per Inhabitant Greece = 100		Annual Rate of Growth of Gross Regional Product		Annual Change in industrial employment (%)		Index of labour productivity in agriculture Greece = 100	Index of public investments Greece = 100		Distribution of private investments which used capital incentives (%) Greece = 100%
	1958	1982	1953–1973	1974–1981	1953–1969	1970–1981	1973–80	1970–1974	1975–1980	1967–1982
1. Attica	159.8	121	5.7	3.4	5.2	.2	91	102	114	13.28
2. East Sterea Hellas	77.9	128	3.9	5.8	1.1	2.3	98	80	110	10.20
3. Peloponnese	86.9	88	5	4.8	−1.9	2.2	96	156	103	13.33
4. Ionian Islands	58	59	2.8	2.9	−1.8	.5	58	91	68	0.02
5. Epirus and Western Sterea Hellas	56.8	73	4	5.3	− .1	.8	79	82	115	5.55
6. Thessalia	78.8	89	4.2	5.5	− .5	3.1	121	59	62	7.44
7. Central and Western Macedonia	90.5	97	5.1	6.8	1.1	3.9	119	126	90	15.92
8. Eastern Macedonia	85.3	91.2	4.8	5.8	.7	3.8	97	81	130	4.24
9. Thraki	55	68	3.1	5.2	− .5	8.5	122	92	149	17.86
10. Crete	72.3	81	4.1	4.7	−2.1	.6	88	96	83	3.52
11. Aegean Islands	72	78	3.8	4.1	−1.2	−1.1	79	84	90	8.64

Sources: Compiled by authors from various publications.

Table 2 Spain: Share of Industrial Employment by Autonomous Community, 1973–83

Autonomous Community	Share of Industrial Employment (%)			% annual change		% Employment in Manufacturing Establishments of <100, 1986
	1973	1981	1983	1973–83	1981–83	
Andalucia	9.7	9.0	8.9	−2.6	−3.1	54.9
Aragon	3.5	3.6	3.8	−1.4	−0.1	58.4
Asturias	3.6	3.8	3.8	−1.5	−2.3	36.8
Baleares	1.4	1.3	1.3	−2.2	+0.3	86.4
Canarias	1.4	1.3	1.4	−2.2	−0.3	67.9
Cantabria	1.6	1.7	1.6	−1.8	−4.3	33.7
Castilla-La Mancha	3.0	3.1	3.1	−1.5	−1.5	73.7
Castilla Leon	5.1	5.7	5.8	−0.7	−1.4	48.1
Cataluna	26.2	25.0	24.6	−2.4	−3.3	55.9
Extremadura	1.2	1.1	1.0	−3.3	−4.9	82.3
Galicia	4.9	5.4	5.4	−1.1	−2.3	57.8
Madrid	11.7	12.0	12.5	−1.4	−0.7	48.3
Murcia	2.1	2.1	2.1	−1.9	−3.6	61.3
Navarra	1.9	2.0	2.0	−1.5	−3.5	45.9
Pais Vasco	10.9	9.7	9.2	−2.8	−4.7	43.2
La Rioja	0.9	1.0	1.0	−1.3	−0.5	66.3
Valencia	11.4	12.4	12.5	−1.1	−2.0	71.1
SPAIN	100	100	100	−1.9	−2.5	55.6

Source: Compiled by authors from various publications.

Table 3 Portugal: Share of Industrial Employment by Type of Area, 1971–79

Area	Share of Industrial Employment, 1971 (%)	Employment change (%), 1971–79	Average Number of employees/ establishment, 1978/9
Cities of Lisboa & Porto	16.4	−15.9	59
Metropolitan area of Lisboa	20.3	3.5	115
Metropolitan area of Porto	32.9	4.6	80
Rural zones adjacent to the metropolitan areas	6.9	5.8	42
Industrial areas of the Littoral	7.4	−14.9	55
Industrial areas of the interior	2.2	0.0	83
Distrito centres	7.9	10.1	53
Peripheral rural areas	5.5	−1.8	27

Source: Ferrað, (1987).

rapidly spread among technocrats, politicians and local authorities as a new doctrine of development. The emphasis, however, was still on industrialization, which now will take place via SMEs in rural areas or in small and medium towns. These "local areas" will take advantage of existing local skills and networks and, if properly helped and guided, will develop following a different path from known big scale industrial projects in growth poles. In this growing euphoria, very few are interested in what "local" really means or how autonomous an industrial sector can be in a EC competitive framework. On the contrary, all seem to agree that "evil" exogenous forces (mainly mobile capital and the state) were unable to mobilize regional economies in the past, while "good" local endogenous forces will now successfully replace them.

A basic reference to these policies from below is the Third Italy, with its innovative SMEs and dense local networks of cooperation. To what extent evidence from success regions like the Third Italy is idealized and to what extent it can be used as a development alternative remains an open question, to which we turn in the next section.

"Third Italy" as a model: false hopes and hard realities

This wave of industrialization in the non -metropolitan areas of southern Europe has been studied in detail first in Italy, where Italian sociologists,

Table 4 Italy: Share of Industrial Employment by Region, 1971–81

Region	1971	1981	% Change 1971–81	% Employed in Establishments of <100, 1981
Piemonte	14.0	12.0	−2.3	41.2
Valle d'Aosta	0.2	0.2	+1.3	40.4
Lombardia	28.5	25.8	+3.5	53.5
Trentino-Alto Adige	1.5	1.5	+15.2	61.2
Veneto	9.4	10.5	+27.3	61.0
Friuli-Venezia-Giulia	2.7	2.6	+9.6	54.0
Liguria	3.0	2.6	−4.7	41.1
Emilia Romagna	8.8	9.7	+26.6	58.0
Toscana	8.2	8.1	+13.8	63.3
Umbria	1.4	1.6	+27.2	56.5
Marche	2.6	3.4	+51.8	68.8
Lazio	4.7	5.3	+28.6	48.1
Abruzzi	1.4	1.8	+32.3	58.9
Molise	0.2	0.4	+40.4	60.8
Campania	4.3	4.8	+25.8	48.4
Puglia	3.3	3.7	+31.1	53.8
Basilicata	0.5	0.6	+38.8	58.2
Calabria	0.9	1.0	+20.9	66.2
Sicilia	3.0	3.0	+15.2	54.5
Sardegna	1.4	1.4	+20.2	54.3
ITALY	100	100	+14.4	54.2

Source: Paci (1982).

geographers and labour historians have opened two major interrelated research paths.

The first is identified with the introduction of the "Third Italy" via Bagnasco's seminal book *Tre Italie* (1977), challenging the classical North–South distinction. It was in this essentially rural area from Trentino-Alto Adige in the North East to Lazio and Marche in the Centre, that industrial growth was occurring in the 1970s, rather than in the old northern industrial core or the heavily subsidized growth poles of the South (see also Paci 1982, Fua 1983). Research in this area – known as the North-East-Central (NEC) model – stresses the essential continuity in rural economic and social relations with SMEs industrialization, not least because of the importance that is given to specific local politics including Christian Democrats (DC), and the Communist Party (PCI).

The second research path was the "fabrica diffusa" debate from the mid-1970s onwards (Magnaghi and Perelli 1978; Garofoli 1983). Diffused

industrialization consists mainly of the "splitting-up" of production tasks and the "putting-out" to smaller subcontracting firms and/or to individual (female) home workers of parts of production previously organized under one roof. Today it is well documented that whole products from sectors like clothing, leather, toys, engineering and plastic – to mention only few branches – are produced in this way in this part of Italy. Advanced mass-fashion design in firms like Bennetton combines high-tech control with extremely labour intensive production methods, producing high quality products with low labour cost inputs (Nardin 1987).

While Italian analysts are focusing on these multiple factors to explain the dynamism of the Third Italy, a growing literature outside Italy often reduces this multiplicity to one or a few categories focusing mainly on SMEs, technology and innovation. We can identify four major misunderstandings.

1) Third Italy cannot be used as *the* explanatory model of capitalist dynamism observed in other southern European regions as argued for example by Cooke and Pires (1985), Lewis and Williams (1987), Costa Campi (1988) and Leondidou (1989). The dynamism of the Third Italy has particular historical, political and territorial components which are difficult to find elsewhere, even in other Italian regions (Mingione 1985). Characteristics, such as multiple employment in different sectors, SMEs networks, diffused industrialization and part-time farming emphasized by the NEC model, exist in many regions such as north central Portugal, Valencia, Catalonia, Madrid and the Basque Country, the Mezzogiorno, Macedonia and Thraki, and the tourist islands. All these areas, however, had neither the industrial tradition and entrepreneurial skills, nor the financial and political support for promoting markets, that Third Italy enjoys. They are simply "imitators", while Third Italy generates important innovations, not least because of the exploitation of specific conditions of work, taxation and loan policies. Similar observations are applied within the Third Italy itself. While many commentators draw their experience from the innovative structure of small engineering firms in Emilia-Romagna, or high-quality clothing in Toscana (Sabel 1986), they tend to overlook other cases of footwear, clothing and furniture SMEs in Veneto, Marche and Abruzzi, which simply survive on the basis of an artisanal capacity and self-exploitation of the family labour, rather than through producing industrial innovations (see also Amin 1989).

2) The Third Italy's success cannot be analyzed only through its innovative industrial structure (using the Marshalian concept of "industrial district"), without taking into account its rich agricultural heritage and the present importance of family farming and co-operatives. This important observation is often neglected by non-

southern European commentators who prefer to approach Third Italy only through its industrial flexibility. The dense network of rural SMEs, however, could never expand in these areas without the historical support of particular land tenure structures like mezzandria and share-cropping (both in disappearance today) which provided both land for investment, infrastructural networks and skilled and semi-free labour (Paci 1978). Furthermore, as Pugliese (1982) argues, various rural policies during Fascism to isolate the proletarian triangle of Milano–Torino–Genova from lawful "rural central Italy" favored Third Italy regions.

Perhaps the most crucial, neglected factor characterizing the Third Italy is its relatively stable local society since the 1950s. These areas have experienced low rates of in- and out-migration throughout the 1960s, 70s and 80s (compared to high in-migration and out-migration in the North and South respectively), which combined with local traditions and skills permitted a unique continuation of craftsmanship and social networks. This social stability has been followed by a remarkable political stability as well, organized by two distinctive political subcultures: the PCI in the central regions and the Catholic/DC in the North East. These have favored a localist regulation of SMEs economy, of family and cooperatives in agricultural production and of tourist facilities, through their influence on every aspect of local life, from industrial relations and land use to the activity of local government and public festivals (Trigilia 1986, Bellini 1989).

These observations are often neglected or devalued by those who see the Third Italy only as a case of post-fordist/flexible specialization similar to Silicon Valley, Orange County, the French Technopoles or other "new industrial spaces" (Piore and Sabel 1983, Scott and Storper 1987, Stohr 1986, Scott 1988) and by those who criticize them (Amin 1989, Amin and Robins forthcoming). We think that both are wrong in basing their analysis and their critique on industrial structure and industrial relations only, failing to take into account the complementarity of other sectors and the general social milieux. Bagnasco (1988) calls this "the social construction of the local market": exploring different paths of modernization where exchange, tradition, reciprocity, politics and organization have joined together in a unique socio-spatial ensemble.

3) The Third Italy comprises not only innovative SMEs, but also men, women, children and recently increasing numbers of foreign immigrants (mainly from N. Africa) who work for them. This obvious statement is often neglected due to a fetishization of small-capitalist success and a parallel blindness about its costs. Some have gone so far as to claim "limited class polarization" between employers and workers in SMEs, where both often change their work position and enjoy high incomes. These arguments see only the core section of the local labour force which, as expected, is male, skilled, adult and with a party affiliation.

Behind them, however, are many other workers; mainly women, young and elderly people, even children below 14 years, and now foreigners, whose work is not adequately remunerated, is regarded as peripheral or marginal, but is also essential to support the high incomes of the core group.

The key factor remains therefore the *structure and segmentation of local labour markets* (Paci 1982). Local labour works part-time but intensively in skilled and semi-skilled positions, often producing high-value products but accepting inferior conditions of work and payment. As research has shown, the *family* plays a key role in this through its involvement in: informal activities and black work; household work activities for family consumption; and housekeeping, child rearing and assistance to the ill, the old and the handicapped. Hard work and self-exploitation of family labour is strongly related to the rural context and the strong ties that the local population keeps with land. The land constitutes both a refuge for times of crisis and a permanent source of family income (Vinay, 1985). The basis, however, for the reproduction of the whole social system has been the sexist division of labour (Bimbi, 1986). Women's inferior position in the labour market as semi-skilled or unpaid workers is crucial and ironically is in contradiction with performed tasks and the production of high-value products (Vinay, 1987). Women's 18 hour work days, of sewing t-shirts, doing housework and working in the fields, are remunerated less than men's low-productivity 8-hours work in an *officina*.

4) Finally, external and internal pressures confront the more successful parts of the Third Italy. Since the end of 1970s, as Camagni and Capello (1988) argue, there has been a reversal of the previous ten year's trends of fast manufacturing productivity growth in the Third Italy. Furthermore, the regional wage/productivity gap which worked to the locational advantage of the Third Italy by 1985 had begun to show signs of change in favour of the north-west regions, since wages were rising more slowly than productivity. Most important, however, were the internal changes in the social structure. As Vinay (1987) demonstrates, the very social and political conditions which fostered the flexible local economic system, now constitute the main reason for its present problems.

The social compromise between capital and labour, established in these areas since the 1960s on the basis of high productivity and flexibility in the economy and acceptance of "black" work and "semi-illegal" working conditions, is slowly being abandoned. In the late 1980s there is a process of social disintegration, where the cultural values of a semi-rural society (so important for a decentralized economy) are disappearing. Young people's work is no longer seen by them as of value per se: they give more importance to the quality of life and do not accept hard work either in industry or in the fields (Ascoli, 1979). The important

social institution which supported Third Italy for decades, the family, recently shows evidence of disintegration (Vinay, 1987). Marriage rates decline, while women, tired of their secondary role on the labour market and of the sexist division of labour, claim equal work opportunities in the formal economy and equal rights within the family. Also the local regulation of diffused industrialization seems now to be failing. The productive system is becoming more complex, while old party patronage systems are inadequate to compensate for unpredictable changes, such as the new wave of Mafia investments in Third Italy SMEs in engineering and arms production.

To sum up, Third Italy has been an important case of capitalist development during a period of crisis, based on industrial SMEs, intensive agriculture and tourism. It has succeeded in mobilizing local resources, but its many positive aspects cannot disguise its important social shortcomings, especially on the labour side. Today, the Third Italy is pressured by economic, social and political conditions which the very capitalist industrial development has progressively weakened. Problems typical of industrial societies arise while international competition is pressing. In this situation, promises about the "end of centralization" and "top-down" planning, or the end of fordism, based on the Third Italy's experience must be rejected, or at least re-evaluated.

Towards an alternative interpretation of local development characteristics

We advocate here a more cautious approach which does not collapse different realities into one, or use vague generalizations and exaggerated proposals for planning practice. In this context diversities between and within regions are not understood as simple outcomes of global processes of capitalist restructuring. Such processes are modified and reproduced as they are inscribed on particular productive structures, unique labour processes, class, gender and ethnic hierarchies, institutional and cultural domination, all of which define specific regions and localities but also form part of the explanation of uneven regional development (Hadjimichalis and Vaiou 1990).

A useful concept for approaching regional development from this perspective is the *local labour market*, mediating between the specific and the general socio-spatial context (Bleitrach and Chenu 1979, Offe 1985). Furthermore, local labour market analysis is a more operational concept in the case of southern Europe, where the labour factor seems to play a key role in recent socio-spatial changes. Through an analysis of changes in the labour process we can identify not only local development potentials, but also the degree of integration/disintegration of each local

economy within the European division of labour. Local areas are viewed in this sense as geographical entities where the development process produces and is in turn stimulated to reproduce spatially diverse divisions of labour (Massey, 1984). Well-paid, secure, prestigious jobs with substantial qualifications requirements concentrate in some areas, while other areas display the inverse of these features (Cooke, 1983). Such differences can be understood by looking into the workings of local labour markets; the conditions and relationships under which the exchange of labour power occurs in particular places.

Local labour markets are time- and place-specific, and allow into the analysis such issues as the local productive basis and capital ownership patterns, the geographical distribution of jobs, particular forms of work, availability and cost of labour, segmentation and collective organization of the labour force, institutional specificities and forms of social reproduction. These issues, discussed in more detail below, have national or even global dimensions and implications, derived at least in part from wider restructuring processes in particular sectors and branches of production, and generating differentiated supply and demand for labour. The geographical specificity of local labour markets introduces in addition a multiplicity of relationships that are difficult to understand through functional models of labour market segmentation (Berger and Piore 1980, Edwards et al. 1975). Spatial differentiation brings labour to the forefront at a time when the tendency towards ever greater flexibility requires a variety of labour markets to fit different, fractional operations of capital.

We confine ourselves to certain aspects combining the dominant tendencies in the European division of labour – the "exogenous" factors – and the main local characteristics – the "endogenous" factors – to be found in southern Europe. The limitations for a comparative analysis of such a perspective are obvious: southern Europe is not at all a homogeneous entity, while local labour markets cannot be easily grouped. By looking at recent developments, however, we can identify six major *restructuring issues* that have differentiated local labour markets and through them in turn, the development potential of each locality. In certain cases some or all of the following restructuring issues have contributed to the rise of dynamic intermediate areas. But this does not necessarily lead to the use of them as explanatory processes. The point is not to replace "dualism" with "tripartism", a legacy of the tradition from two to three Italies debate. We would like to propose instead a more sceptical approach, indicating the many different development paths that are now opened up in southern Europe, which each "local development plan" must seriously consider.

First, the present position of southern European economies in the international and particularly the European division of labour caused a

progressive *specialization of their productive structure* towards certain industrial products (or activities) for which small firms are especially functional: their agricultural production combines traditional Mediterranean crops with new short-cycle, soft products for which small family farms can compete with large capitalist enterprises; and their monuments, history and sunny beaches attract a mass tourism moving away from large complexes to small-scale tourist resorts or preserved vernacular settlements.[3]

Up to 1988, this specialization particularly hurt old industrialized urban areas depending on steel, shipyards and chemical products, like Piraeus, Barcelona, Brindisi-Taranto, Genova, Cadiz, the Basque provinces and Lisbon/Setubal. In agriculture, certain regions like the Mesetas in Spain, Alentejo in Portugal, Thessaly and Epirus in Greece and large parts of the Mezzogiorno were not able to adjust to new market demands, due to local operational difficulties, land tenure, crop specialization and inadequate infrastructure. The opposite was true in certain minifundia regions having good accessibility, where high value products in glass houses now predominate (e.g. in Crete, Marche, Malaga, Alicante, Valencia). This particular specialization in industry, agriculture and tourism is strongly linked to two factors: the uncertainty of demand, taste and consumption patterns; and the maturity of the existing technologies which move towards important labour-saving innovations and more diffused patterns of production. Changes in these two factors will cause considerable unevenness among and within southern European regions.

Second, the search for more *flexible production systems* in all sectors had social, technological and territorial consequences but should not be exaggerated or idealized as an alternative. The recently celebrated "flexible specialization" model did occur in some places, but its generalized extension as a measure for successful capitalist development is debatable even within Italy. It is unquestionable, however, that new methods of labour control and new technologies have been used to allow the establishment of working processes of fairly high productivity and great flexibility even in regions lacking the economies of scale previously required (Mingione 1987). In other words, it has become increasingly practical to sub-divide, even geographically, productive activities both in a vertical/hierarchical sense and in a horizontal sense, without any loss of control or excessive costs.

But this quest for flexibility has not been the only or the major reason why old industries declined and new ones arose (Sayer 1989). Old industrial areas facing de-industrialization may decline simply because they are less efficient than competitors, while in the same areas and in some rural zones there have been rapid increases of industrial employment because they have higher output per unit of costs and more

saleable products (e.g. Third Italy, central Macedonia, Valencia, Aveiro, Braga). Flexibility need not have anything to do with this, or if it does, this must be demonstrated rather than assumed.

In cases where flexibility has been documented, we distinguish several kinds which are highly diversified across southern Europe. There exist major differences in numerical flexibility in employment and output (the case of the majority of small firms), the ability to innovate, or the flexibility arising from networking within a vertically disintegrated industry. Thus, there are few similarities between "flexible" clothing SMEs in Terrasa and Sabadel (near Barcelona; Recio 1988) and those in Abruzzi and Marche (Vinay 1985), or those in Kilkis and Serres in northern Greece (Hadjimichalis and Vaiou 1990). On the contrary for specific local conditions – where historical tradition is a key factor – the leather industry in Ubrique (near Cadiz) has much in common with the leather industry around Naples (Sanchis 1984). Similarly, subcontracting methods among engineering firms in Emilia Romagna are convergent but different from those in the Thessaloniki area. The latter are not generating the same innovation, and economies of scale and scope, that characterize among other things the industrial districts of Third Italy. What these cases and many others offer in common, though in different terms, is the *concrete possibility of flexibility of specific working processes*. This kind of flexibility intensifies existing differences among localities and permits some of them to play an active role in the wave of productive decentralization and relocation.

Thirdly, a specific characteristic which calls for attention in the present conjuncture is the importance of the quantity and quality of work in the *informal sector*. Although informal activities are an important and widespread phenomenon in southern Europe, or perhaps for this very reason, the situation has not attracted great attention until recently, with the exception of Italy.

In particular, there are five areas where we would like to locate the present informal sector: the "traditional" and "modern" type of criminal activities, like drug traffic, prostitution, gambling, now in continuous expansion; the "traditional" type of "street-corner" economy in urban areas, now declining; the "traditional" type of rural informal activities for local consumption and self-reliance, now growing again; that informalization found in the processes of widespread rural industrialization and tourism, namely the type based on small and medium-sized specialized firms; and lastly, the innovative/creative and alternative informal type, in the "technological-service" sectors (see EEC 1988). This new articulation is neither restricted to agriculture alone, nor can it be associated with conditions of backwardness. In fact, as many studies have shown, the development of small and very small industrial and tourist firms in rural regions is the flexible response to new demands

Table 5 Work Force in Marginal Transformation Industries in Portugal (corrected according to levels of pluriactivity in agriculture–industry)

District	Total work force		Marginal work force (%)	
	Maximising Hypothesis	*Minimising* Hypothesis	*Maximising* Hypothesis	*Minimising* Hypothesis
Aveiro	142.339	113.957	33,5	16,9
Beja	4.986	4.416	56,2	50,5
Braga	132.017	114.808	26,9	15,9
Bragança	4.164	3.237	76,6	69,9
Castelo Bran.	23.362	19.030	31,4	15,8
Coimbra	43.178	32.766	38,3	18,7
Evora	11.089	9.888	35,9	28,2
Faro	15.024	13.268	56,8	51,1
Guarda	16.027	12.355	35,0	15,6
Leiria	64.739	48.980	40,4	21,3
Lisboa	216.631	210.764	19,1	16,9
Portalegre	7.610	6.701	37,0	28,4
Porto	271.695	249.350	23,3	16,4
Santarem	49.592	39.477	35,0	18,3
Setúbal	88.575	85.805	16,6	13,9
Viana do C.	15.555	12.007	38,7	20,6
Vila Real	7.353	5.474	49,8	32,5
Viseu	22.713	15.982	54,2	34,9
TOTAL	1.136.650	998.265	28,1	18,1

Note: Maximising and minimising hypotheses established by Isabel de Sousa.
Source: Miguelez-Lobo 1988.

and to direct needs for restructuring and surviving during a prolonged economic crisis. Thus, new forms of informal activities have spread, such as subcontracting, piece work at home, room letting, operating bars and restaurants, in parallel to traditional agricultural work.

Case studies in Spain and Portugal (Miguelez-Lobo 1988) show that many regions are characterized by high percentages of informal work in all sectors. Table 5 for Portugal shows a high concentration of marginal workers in the informal sector in rural Beja and touristic Faro in the South, while the North (Braganca) shows the highest figure. In Spain, high proportions of irregular work in the informal sector are to be found in Murcia, Andalusia, Castilla-La Mancha, Valencia and Catalonia (table 6).

Activities in the informal sector, however, are not considered as marginal or outside the capitalist relations of production. On the contrary they are integral components of the new pattern of development, which provides fresh room for accumulation. In this context, it is not the

Table 6 Working Population by Regions and Relationship with Irregular Work in Spain (Thousands)

Regions	Total Working Population	Population Studied (2)	Irregular Working Population (1)	2/1 (%)
Andalucia	1.853	1.538	445	28.9
Aragón	427	356	51	14.3
Asturias	353	304	46	15.1
Baleares	240	210	32	15.2
Canarias	433	367	75	20.4
Cantabria	155	134	21	15.7
Castilla–La Mancha	574	457	125	27.4
Castilla-León	857	706	120	17.0
Cataluña	2.200	1.912	449	23.5
Extremadura	304	251	59	23.5
Galicia	976	776	181	23.3
Madrid	1.484	1.208	180	14.9
Murcia	319	279	89	31.9
Navarra	163	146	25	17.1
Comunidad Valenciana	1.175	1.013	248	24.5
Pais Vasco	655	592	97	16.4
Rioja	94	79	14	17.7
TOTAL	12.260	10.328	2.258	21.9

Source: Miguelez-Lobo 1988.

lack of control of informal activities which calls for attention, but their specific integration/subordination through specific actions (including tolerance) of different social actors. Informal activities are determined to a great extent by the "formal" regulatory system. Moreover, the same activity or practice may be perfectly regular in a certain place at a particular time, but irregular or even illegal in another context. Thus, in order to avoid commonly invoked dualistic explanations, the historical and spatial origins of what we now call "informal activities" should be considered, along with various forms of struggle around the "institutional/formal" regulatory system (Mingione 1985, Hadjimichalis and Vaiou 1990).

Fourthly, *segmentation in the local labour markets* is an important component of the new development pattern. In many localities in which dynamic growth occurs – and with important variations from place to place – segmentation is combined effectively with formal and informal employment, with less unionization and, in certain cases, with a lack of syndicalist tradition. The cost of the labour hour *per se* is not cheaper

than in old industrial centers, but part-time jobs in different sectors and firms are more widespread and acceptable to local workers (Ginatempo 1985), allowing small firms to escape full year payrolls and social security payments. The picture is completed by seasonal work (in agriculture and tourism), piece-work at home, and a variety of other irregular jobs. In many cases the industrial experience of return migrants plays a key role as they act as mediators between large foreign firms and small local subcontracting firms (e.g. Macedonia, Thraki, Napoli, Alicande, Braga and Villa Real).

The most evident tendency is towards a new type of accentuated social polarization. The role of the ordinary "guaranteed manual worker" is declining, that of the ordinary "executive white collar" is no longer increasing as in previous decades, both of which provide intermediate stable incomes. On the one hand there is growth of new professions with very high incomes but little guarantee, and with great mobility in association with the technological transformation and the new forms of management. On the other hand, is emerging the figure of the "casual worker" with few qualifications, a very low income, detached from trade-unions and without guarantees. This second pole was in greatest expansion in areas of decentralized development during the 1970s and early 1980s (northern Portugal, Valencia, Galicia, Marche, Lazio, northern Greece) and took the forms previously mentioned. During the 1980s, however, this has shown important declining tendencies, especially in Portugal.

A recent development which calls for attention is the influx of illegal migrants from Third World countries, working in industry and agriculture with the lowest possible wages and no social security, and living in very poor conditions. ISTAT estimates for Italy (1984) that more than half a million non-declared foreigners work illegally. For Greece (1987) the figure is more than 150,000, not including foreign sailors (mainly Filippinos) working semi-illegally in the large Greek merchant fleet. Ironically, as in some Greek and Italian cases, they are treated as non-humans by the same return migrants from W. Germany who experienced a similar treatment two decades ago. The social picture must be completed by mentioning the gender composition of the various groups of working people. The definition of unskilled, seasonal and marginal labour is always related to the gender of its bearers. This has to do more with jobs being identified as "women's work" than with their technical characteristics (Vaiou, 1987).

This range of activities is not a single worker's operation. It is accommodated within the household, whose members (taken as a group) have formal, full-time employment, engaged in informal, home-based activities, in seasonal work and even "black" work (Vinay, 1985). In this respect the uneven demographic and cultural characteristics of rural

southern Europe provide preconditions for the spread of this development pattern. This new role of the household is one of the consequences of the current employment crisis in the context of which unemployment and non-employment increase without a parallel decrease in the cost of reproduction of the labour force. Thus, working commitments within the family unit not only tend to increase, taking up nearly all available leisure time, but also they vary discriminatorily between genders and various age groups. In this respect, old patriarchal and authoritarian relations are reproduced within the family, with women at the bottom of the hierarchy (Bimbi, 1986).

Fifthly, the *service industry* (including tourism) has for many years been expanding on both the public and the private fronts. Initially, and for a long time, it was solidly anchored to the results of the increase of industrial productivity, giving rise to increasing demand for services on the part of the firm and the public. The technological process not only stimulates the growth of service industries but also influences the costs of their operation. These are generally highly labour-intensive working processes in which it is not possible to increase labour productivity directly (e.g. school and educational services, services to the public, as restaurants, bars, retail trading). Since the mid-1970s, however, provision of services is related with "unskilled", "seasonal" work providing a large number of irregular and low income jobs.

This development has had important territorial consequences in coastal areas and in the islands and it tends to be accentuated by the current phase of economic reorganization in combination with the persistent crisis of southern European states. The ways of putting pressure on income from services vary: the exploitation of family work, exploitation of female labour and that of ethnic minorities, and invasion of the sector by informal, clandestine, illegal and casual labour. The difficulties of different state agencies, in a context of technological innovation which continues to increase industrial productivity and tends to polarize incomes, favour this modality. A vast informalized service sector is already typical of all urban areas in southern Europe. The pressures for new forms of informalization or of compression of the operators' incomes give rise to very problematic forms of labour selection. One of the most evident signs of the process is constituted by the current migratory flow of Third World migrants not only to rich regions but also to overpopulated areas in which the local supply does not accept excessively poor working conditions (e.g. Crete, Calabria, Andalusia).

Last but not least, the sixth issue concerns *the state* and *certain local authorities* which play an important role through both their active policies and their passive tolerance of the situation. Among these policies we could point to regional incentives, the allocation of public investments, specific development projects, tax exemption of agricultural incomes up

to a specific amount annually, and others that have different effects in each region. Active policies are accompanied by lack of land-use control, lack of effective control over employment conditions, acceptance of multiple employment and informal activities, limited power to control tax evasion, and so forth.

Under these circumstances, in many regions (e.g. Mezzogiorno, Crete, Andalusia, the Mesetas, Peloponnes, and South Portugal) many economic activities depend directly and indirectly on state choices. Thus, political affiliations have become more important than social or economic ones. *Political clientelism and patronage* find a very favourable environment to develop (Mouzelis 1986, Giner 1985). Furthermore, historical contingencies have played their role in making the state the tool *par excellence* used by politically antagonistic strata against each other and, at the same time, the final objective to be won (Tsoulouvis 1987).

Traditional political clientelism and patronage – that is a system of stable social relations distributing resources through personal contacts and favours – was always present in southern European societies, though with great internal variations from country to country and from region to region. The key to understanding the new form of processes of patronage, however, lies in the fact that the direction of policies and welfare service provision and the criteria for their distribution are now dependent on the political parties' structure. The structure of mass parties, whether of the Right, Centre or Left has been created since the mid-1970s in parallel with the system of social control, with the result that the state and party apparatuses grew together and were structured by patronage relations.

The main lines of consolidation of the party-patronage system as a system of social control are not difficult to trace. It is difficult, on the other hand, to fully understand its thus far irreversible consequences. The expansion of the central and local state bureaucracy and welfare service apparatuses has made available an increasing quantity of resources which the party-patronage system has used to strengthen its position as a central element in local politics. Some examples are illustrative. In Greece when PASOK came to power in 1981, district councils – an important new institution – instead of being elected, were appointed by PASOK and chosen on the basis of party membership. Thus, the rural population is still largely excluded from direct participation in local decision-making, but through the new patronage system can enter politics in a dependent manner. In Sabadel and Terrasa (near Barcelona) local authorities (communist and socialist) are in favour of industrial homeworking in textiles and clothing, since the operations of putting out firms contribute 30–40% of those cities' wealth (Recio 1988). And in the fur processing industrial district of Kastoria in northern Greece local

authorities, local deputies and businessmen mounted a common protest against the state when it tried to impose social security payments on subcontracting firms for mainly female homeworkers.

Similar observations can be made for southern Portugal and the Mezzogiorno. In both cases a new "mediator" class appears on stage: the state petty bourgeoisie (Pinnaro and Pugliese 1985, Ferraõ 1987). Its new role is to keep social tensions in rural areas at least partly under control and to replace direct class conflicts by other, more mediated ones. It is not "bosses and workers" as such any more, but "local authorities and the marginal population" (Ginatempo 1985). The farmworker's position develops into what Pugliese (1982) calls a "worker on state benefits, a precarious client of the welfare state". He points out that in southern Italy a large number of the population survives by making a living through employment in public works. This type of employment and its allocation process (through personal favours and exclusions) lead to new forms of social control and reproduce ties of clientelism to different parties and local authorities.[4]

These six restructuring issues emphasize the multiplicity of factors influencing spontaneous and uneven development in southern European regions. There are many similarities as well as differences among places, while "successful" regions have always combined endogenous and exogenous forces. So, instead of comparing selectively some localities and then turning the results into planning proposals, we will try to formulate a *typology of areas* (a kind of alternative regionalization), based on these restructuring issues, and on local labour market characteristics described previously. We would like to point out again that these six restructuring issues are not common processes to all localities, neither can they be used as homogeneous categories in explaining causes of growth at particular places. The typology's modest attempt is to depict changes and differences among localities which local development plans (if any) must take into account. In this respect it is a "meso"-analytical approach which needs further "micro"-analysis, before any development strategy can be applied. Thus, we consider the following 7-area-typology which, we believe, describes changes in the division of labour among southern European regions up to the late 1980s:

1) *"Old" urban-industrial centers*, where relatively high levels of unemployment coincide with wage employment in mass industrial production and mass service sectors. Less successful productive specialization in basic industries is combined with flexible local production systems in consumer products. Taylorism predominates together with high levels of unionization. These areas enjoyed strong state intervention and produced economies of scale in the 1960s and 1970s. Urban informal activities are widely diffused and the same is true for "precarious" workers.

2) *"Old" latifundia regions,* where agricultural workers and unskilled part-time industrial workers predominate. Mass production in agriculture and in sporadic branch plants. "Old" productive specialization is characterized by strong ties to clientelism and by the limited flexibility in labour relations.

3) *"Old" tourist coastal areas* and certain islands are characterized by intensive temporary employment in services following Taylorist practices. Large hotels and similar facilities for mass tourism predominate under less flexible labour relations, while informal activities depending on irregular demand are rapidly expanding. These areas also experienced strong state assistance in the 1960–70s and party patronage control.

4) *Industrial Districts and "new" rural–industrial growth centers,* where the new productive specialization is dependent on highly skilled labour and extensive use of flexible working processes. They are characterized by innovations and localized economies of scale and scope. Feminized out-working is widely diffused in modern industries and revitalized craft industries. Multiple employment in agriculture and tourism coincide with historical tradition. Communal networks of co-operation are reproduced based on stable local society. To these should be added highly exploitative conditions of work in traditional and modernized informal activities.

5) *"New" intermediate regions,* where a conjunctural productive dynamism depends on policies of "adaptation" using cheap labour, working part time in capitalist family farms, industrial SMEs and small scale tourist facilities. These areas enjoyed recently some type of regional assistance and are characterized by in-migration and low unionization. Flexible but not innovative local production systems based on extensive use of unpaid family labour. Limited but important appearance of branch plants.

6) *Marginal rural areas* depending on old productive specialization in remote mountainous regions or islands. High levels of unemployment and under-employment in backward non-irrigated farming, with high out-migration rates and traditional informal activities in decline. Political clientelism is important in the distribution of state benefits and coincides with ethnic discrimination and cultural domination.

7) *Marginal medium-size urban centers,* which were unable to adjust to new productive specialization and are characterized by rigidity in working relations. High levels of male unemployment coincide with the appearance of feminized branch plants and traditional urban informal activities.

Local politics and social control: some concluding comments

From the discussion so far three points should be emphasized: the shortcomings of this "new" development pattern, the rise of new social actors in non-metropolitan areas and the appearance of a new mode of social control.

From the mid-1970s onwards, southern European regions experienced deep transformations associated with the wider international economic crisis and capital restructuring. We saw how these tranformations changed the relationship between economic sectors, the state, local authorities and party systems. The spatial component of those changes was very important. Rural and urban space acquired new political importance due to the emergence of new contradictions associated with restructuring within agriculture, productive decentralization, and flexible and irregular forms of employment in industry, tourism and the service sector. These new contradictions provided opportunities to quite a large number of small peasant producers, part-time workers and middle-strata in the service sector to avoid, so far, the family disintegration and social marginalization and pauperization which have struck poor peasants in mountainous regions and certain sections of the working class in large cities.

But this pattern of decentralized development is neither stable nor able to provide solutions to regional and local needs in a direct and concrete way. As for the old centralized model, it is based on the rules of capitalist competition and exploitation of specific work processes which in turn reproduce conditions of unevenness and degradation. In the past, regional policies in southern European countries, inspired by the Italian distinction between North and South, were providing "backward-southern" regions, with modern industrial growth poles. Today local development policies from below are replacing regional ones, inspired again by another Italian prototype. Third Italy's supposed local development, however, based in part on post-modern flexibility, must not be idealized and cannot be duplicated elsewhere. Nor is it a "leftist alternative" solution for other localities on the grounds that the PCI was responsible for local administration of some parts of it. This does not mean a total rejection of the Third Italy's experience, but a more careful evaluation especially by those who see it from the outside.

Thus, despite logical improvements and the use of some radical rhetoric, local development approaches based on rationalization of existing cases suffer both in theory and practice from the same inherent limitations of two decades ago. The "new" development pattern is like the old one, i.e. uneven capitalist development, since the mode of conceptualizing the relationship between local society and social change

remains unaltered, leaving the emphasis on procedure empty of content.

Despite inherent limitations and ineffectiveness on the development side, local strategies in southern Europe are in good currency today because they serve the interest of *new rising middle strata* in semi-urban areas, the owners of dynamic SMEs in agriculture, industry and tourism. These "nouveaux riches" in non-metropolitan regions have changed the structure of *local hegemonic blocs*, that is a local system of exploitation, a specific mode of social regulation and a local form of alliance between dominant social classes and other social actors (Hadjimichalis 1987). These new social strata, while they operate under conditions of free competition, are dependent on central state and local authorities in many ways not least for continuation of many illegal or semi-illegal practices. This is why local hegemonic blocs are taking defensive or demanding positions vis-a-vis the national state, the EC or other hegemonic blocs competing for investments and public resources, labour legislation, and markets for their products. Furthermore, these new middle strata have been the political basis for mass-populist-socialist parties like PSOE in Spain and PASOK in Greece and to some extent in Portugal, while in Italy they form an important pressure group within the PCI, DC and PSI.

Above all, local development seems to be of high priority among neo-liberals in the EC inspired by Thatcherite policies in southern England; the "paradise" of small, individual success. Neo-liberals argue against statist regional policies and against Jacques Delors' advocated "integrated social space"; a minimal check on the undermining of labour conditions and national levels of social provision by the single market in 1992. Instead, they prefer "local areas" to compete freely among themselves for resources, investment, jobs and prosperity, as individual firms do in the "free" market. It seems therefore, that European integration will strengthen such views among rightist governments, and what today appears as a trivial development alternative could be developed to an offensive rightist strategy in a few years.

Uneven development in the 1980s has thus contributed to both geographical and social differentiation, taking advantage of old polarizations to promote new ones. Anyone who stays in some southern European region for more than a short period of time learns to "appreciate" – with great variations among regions – just how important are these differentiations, how extensive the inadequacies of the state are and to understand the party-patronage system trying to cope with the demands and objections of the new middle strata. The subsequent legitimation of needs has today turned "old regional assistance" into an obligation which the state, local authorities and political parties have to meet. Virtually all spatial issues have thus become open political questions.

The latter has two effects. Either state obligations mediated through the party-patronage system generate a popular apathy, with the majority of people "waiting for solutions from above" from the state and the parties, as in the Greek case. Or, when political conflicts at the local and regional levels do take place, they are substantially convoluted and shunted aside by the inability of the mass-integrative apparatuses to react to concrete and goal-directed regional interests which are not related to the centralized process of bargaining and compromise as in the case Spain and Italy. In both cases a *new mode of social control* develops based on the political characteristics of the present socio-spatial differentiation in southern Europe and mediated in the most dynamic regions through local development plans. It is urgent therefore to see the conditions under which this new mode of social control is in the making.

Firstly, there are those who, in defending their local interests, pursue the old social order, existing before the crisis of the 1970s (see also Lipietz, 1985). We propose to call this local hegemonic bloc, the *conservatives*, independently of their political affiliation to the right, center or left and independently of their position in the hierarchy of exploitation. In connection with local political alliance, we can have a rightist or leftist conservatism demanding/defending the old social order, i.e. the old conditions of exploitation (wage labour, rigidity in working conditions, gender stratification, ethnic discrimination, etc). There are known cases from mobilizations arising in "old" urban-industrial centers, latifundia regions and tourist coastal areas (e.g. Milano, Barcelona, Setubal, Volos, Thessaloniki, Sicily and Corfou).

Secondly, there are those who, by promoting local development plans, are interested in local reforms in the power relations among local hegemonic blocs, or between localities and the state. In this social bloc, which we propose to call *reformist*, belong both neo-liberal proposals for regional self-reliance, social-democratic policies from below and certain practices and proposals of the left, as in Emilia-Romagna. Reformist social blocs are defending the interest of new middle-strata and seem to be more successful in areas of flexible specialization, with some cultural and industrial tradition and with strong local modes of social regulation. Reformist local hegemonic blocs will adapt local conditions of exploitation to new demands of flexibility, but they are not interested in changing them. The majority of "leftist" strategies that promote local development lie in this category.

Finally, opposed to these two dominant modes of social control at the local level, are those who through their actions are searching for a re-definition of social relations and for new forms of production and distribution, based on anti-authoritarian and ecological prototypes. This social bloc, which may be called *alternative radical*, seems to be interested

less in local development per se and more in trying to eliminate old and reformist modes of reproduction of social, gender and ethnic stratification. As expected, this alternative lacks support from any major political party but some autonomous mobilizations in Valencia, in the Basque country, and in northern Greece did follow this path. We believe, however, that this alternative is the most interesting and the one with a lesser chance of being integrated into the neo-liberal project of a unified "Europe of capitals" by 1992.

In this respect *"local"* is not an alternative development scale to unsuccessful national and regional policies, but *an arena for struggle,* where "non-capital" – all those whose labour is appropriated by capital under many work relations and conditions – can organize and oppose, or simply cope with, pressures deriving from global restructuring strategies.

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Notes

1. In 1978, industrial firms employing less than 100 people accounted for 99.4% of all industrial units in Greece and 93.7% in Spain. In 1985 these figures remain almost the same with 98.3% in Greece and 92.5% in Spain, while similar trends are to be found in Italy and Portugal.
2. For identification of "developed", intermediate and marginalized regions in Greece, we calculated for 1981–85 the sum of Z-Scores for every nomos (prefecture) for the following variables: 1. index of gross regional product per capita, 2. index of per capita income, 3. annual rate of growth of gross regional product, 4. net population increase, 5. annual change of industrial employment 1973–84, 6. index of labour productivity in agriculture 1973–84, 7. tourist beds per 1000 people 1984, and 8. women's activity rate 1983. See Hadjimichalis and Vaiou, 1987.
3. According to the Greek National Tourist Organization, large cities and "old" tourist resorts like Corfou and Rodos lost 25–30% of their visitors who now prefer smaller islands and villages. In the latter places tourist traffic increased by 85–105% during 1985–88.
4. In Portugal's interior local authorities in the *conselhos* are the main direct employer from administrative tasks to building and road repairs. A conselho with 5,000 people (about 2,000 active) can have more than 100 people working directly for the local authority. Thanks to J. Ferraõ for pointing this out.

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