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Regulations and Governance in European Cities*

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In most European countries, any challenge to the state raises major disquiet, given the weight of influence of states in structuring groups and interests and in organizing economic development, notably in the most heavily centralized countries. This article develops the hypothesis that the political aspect is being reinforced at the sub-national level. Then, following from this, it makes a detour through the works of various economists and sociologists, in order to bring to light — though not to try and cover exhaustively — modes of regulation which they have identified. In doing this, questions are asked about political regulation in situations or contexts where it is not necessarily dominant, in the hope that this may lead to an understanding of how different types of regulation have formed linkages in different types of territory. Finally, the article develops the concept of governance and redefines it within a territorial framework, from a 'new political economy' perspective.

Regulation and territories

Sociologists, political scientists and economists have rather different understandings of these two terms. In some sociological work on regulation (for example, the sociology of organizations or the sociology of law), economic sociology has developed a coherent group of pertinent, original contributions on issues of regulation. This type of approach has been developed particularly in order to study the regulation of the economy. Since Durkheim, Weber or Polyani, there has been interest in the political and social foundations of the economy, in mechanisms of regulation — other than market mechanisms — which might account for transformations in western societies and for economic development. For economists, the essential mode of regulation is market regulation, which is at the centre of all classical and neoclassical works. This market is a general system of exchange between buyers and sellers, where regulation most often operates through prices (sometimes through volumes). Within this framework, territory is of little importance. Different elements are contributing to the extension of market regulations: the processes which are creating a worldwide economy (Veltz, 1996); the growing role of transnational companies and their globalization strategy; deregulation and privatization movements (Wright, 1993); the globalization of financial markets; and technological changes. As Harvey (1989) has shown, the new phase of capitalist development which is expressed in the increased mobility of capital gives it a decisive advantage over immobile social and political structures such as states or social groups embedded in a particular territory.

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In addition to sociological and anthropological works which analyse the market as a social structure (notably Swedberg, 1995), there are those of authors concerned with reintegrating the state and the political dimension into the regulation of the economy. Those whom Swedberg calls the 'supporters of the new political economy' highlight the destructive effects of the market on societies. They stress, more than do sociologists, the autonomy of the political, as well as the importance of power struggles between groups and institutions, and their role in seeking to regulate the economy. Therefore, these same authors are often to be found taking part in the debates on corporatism.

Any comparison of western societies which considers political aspects cannot make a major issue of the economy: they are all capitalist societies. Therefore, we should concern ourselves with modes of regulation of the economy, with the effects of the state's persistent involvement (in both its organization of economic development, and its resistance to the logic of the market), with the involvement of institutions and interest groups, and with the interaction between social structures and institutions in each given country, so as to understand these societies and the ways in which capitalism is run. The political aspect can influence and structure different types of capitalism. Thus, 'within nation-states, contemporary society organizes and regulates twentieth century capitalism and a democratic politics may 'stand up to' the economy of capitalism' (Crouch and Streeck, 1997: 12). Marxists, on the other hand, adopt a perspective which stresses the fact that the state serves the dominant economic interests. Therefore, studies of forms of regulation of the economy have been conducted either in a national framework (Golthorpe, 1984, Crouch and Streeck, 1997), or in a local and regional framework. Most often, authors have intended to demonstrate the differences between — on the one hand — economies and societies where market regulations play a very extensive role, as in the United States or in the United Kingdom (and where forms of intervention on the part of the law, agencies and regulation are the most marked, even though this does not prevent the state from playing an active role) and — on the other hand — countries with very 'institutionalized' economies, whether it is a matter of the greater interventionist role being played by the state (France), or social institutions and institutionalized compromises between interest groups (Germany, the Scandinavian countries), or both (Japan).[1] Of course, these schematic representations can in themselves open up debates, for the different combinations can be deceptive. Thus, there is no doubt that, behind its façade, the British state has been a strong state which, in its own way, has organized the economic expansion of the United Kingdom. Globalization processes are provoking the decline of the state's capacity to govern and this, in turn, is leading to a recomposition of the role of the state (Wright and Cassese, 1996) and to a search for new forms of regulation, notably for a form of political regulation which is not just the inevitable consequence of a logic of domination.

In this 'new political economy' perspective, the concept of regulation is defined in the following terms (Lange and Regini, 1989), with three dimensions:

- The method of coordinating diverse activities, or relations between actors
- The allocation of resources in relation to these activities or these actors
- The structuring of conflicts (prevention, resolution).

Thus one can talk about 'regulation' when, for example, discussing relatively stabilized relations between actors or social groups, relations which allow the allocation of resources according to explicit or implicit norms and rules. This framework brings us close to neo-institutionalist views, since institutions have the authority to provide a stable framework for interaction and to play a key role in these interactions.

1 See the Introduction in Crouch and Streeck (1997).

Many authors have proposed typologies to identify, on the one hand, types of regulation and, on the other, the result of different combinations.[2] For example, classically, three ideal-type forms of regulation may be identified:

- State regulation (sometimes identified with hierarchical or political regulation), where the state structures conflicts, distributes resources and coordinates activities and groups. This type of regulation implies domination and control as well as the capacity to sanction. This description can also fit certain large, hierarchically-structured organizations where authority is the principal moving force, even if only informally.[3]
- Market regulation: since the emergence of capitalism, this type of regulation has played a growing role in organizing exchanges between supply and demand, adjusted through prices (or sometimes through volumes).
- Cooperative/reciprocal regulation (sometimes called regulation by social or political exchange) based on values and norms, on a shared identity, on trust which gives expression to forms of exchange and/or a solidarity between the members of a community, a clan or a family.

To these three classic forms of regulation, Streeck and Schmitter (1985) have proposed adding a fourth — that of regulation by large interest groups where, in certain countries, agreements between a few large interest groups and the state have enabled the emergence of an original type of regulation.

Within this perspective, political regulation is viewed very simply. In the light of the recomposition phenomenon mentioned earlier, a number of works have appeared over the last few years, looking at the recomposition of political regulation, in the broad sense that they attempt to ascertain 'the range of institutions, networks, directives, actors, bodies of regulations, norms and customs — political, social and administrative, public or private, written or unwritten — which contribute to stability, direction and the capacity to run things' (Wright, 1996). New forms have appeared, over and above allocation activities, administration and the use of authority. Working on the United States and then on the European Union, Majone, following Selznick, has particularly stressed the development of regulation by agencies, authorities which are independent of traditional central administrations — 'regulation which takes the form of public interventions aimed at correcting various forms of market deficiency' (Majone, 1996: 10).

Beyond the politics of regulation as such, Jobert — like Wright — raises questions about the new forms of public action which are brought into effect through rule-making or 'by defining the norms that govern the interaction between institutions and social actors' (Jobert, 1996). In doing so, they recognize both the extreme fragmentation of the state and of public action and the increased number of interactions which are difficult to control. To put this another way, political regulation no longer comes about only via the hierarchy but is taking new forms which require analysis. Consideration of sub-national territories as a social and political construct can make a useful contribution to this thinking.

Why look for regulations in sub-national territories?

The choice of a territorial regulation perspective is justified for several reasons. Firstly, concepts such as regulation or governance are all the richer and more pertinent when they are put into operation. Secondly, the social sciences' interest in the territory (understood here as the sub-national territory, small towns, cities and regions) has been reinforced since the moment when the nation-states and national societies began to lose their determining role. Large national supervisory organizations and institutions have lost their

2 For example, Campbell *et al*. (1991), Bagnasco and Trigilia (1992), Lange and Regini (1989), Streeck and Schmitter (1985).

3 This point in particular is discussed in the Introduction of Campbell *et al*. (1991: 14–15).

arrogance. The state itself has faced up to serious challenges and has had to adapt. There has been an erosion of large-scale social categories. Comparative analysis of societies in western Europe, although in its infancy, reveals enmeshed institutions, social groups and authorities which render some of the conventional tools of the social sciences obsolete. But, whether in economics, sociology or political science, this situation is not explained only by a change of outlook on the part of researchers. There is general agreement that western societies should be recognized as increasingly complex in nature, and this can hardly simplify the study of political and social phenomena. If national political, economic or social regulations carry less weight, it is all the more justified to brings one's efforts to bear on a micro-level analysis: this can take different forms, ranging from methodological individualism to rational choice theories, analysis of concrete action systems and local orders (Friedberg, 1993).

Another way of trying to cut through the complexity consists in attempting to develop 'intermediate level' or meso analyses. Nevertheless, such an intermediate level can be very ambiguous, since it is impossible to know if this is an original level of structuring and regulation of the political or the social, or simply a level into which macro logic and micro logic have both penetrated, simply becoming more visible on this scale.[4] However, this is not an insignificant factor: increasing the visibility and legibility of regulations which have their origin elsewhere may also allow us to identify both mechanisms of change and crises. Therefore this 'intermediate' or 'meso' level of analysis has some virtues. It may make it easier to put into practice some divisions into constituencies and to account for the ways that political and social logic enmesh — for the interplay of political and social actors. This can be even more useful if one can demonstrate that the intermediate level exists as a unit of analysis which has some meaning for institutions and for collective actors structuring their interaction. This poses formidable methodological problems, since one of the dimensions of the 'complexity' of the social aspect is precisely the difficulty of establishing clear frontiers between sectors, territories or networks.

But without applying any determinism, it is still the case that the territory, considered as a political and social construct, may constitute one such intermediate level for structuring actors, groups and institutions. Consequently, the territory should not be seen only in terms of political control. Historically in Europe, territories — notably cities and regions — have played an essential role in the formation of nation-states and national societies: some of them are real social formations. From the moment when the 'constraint of state' was relaxed a little, cities and regions have emerged as one possible level for regulation of interests, groups and institutions, even though these territories do not have the characteristics of the nation-state. Without stretching things too far, it is viable to try and throw light on social and political formations which, in some territories, are fairly original.

Using the example of Italy, Ritaine sets her sights very high: she suggests discussing territory in the sense of 'socio-political spaces with different modes of regulation, varying types of mobilization, and differentiated relations with the State' (Ritaine, 1997). This 'tough' definition of territory has its own logic — which, however, the present author does not see as indispensable. If, as we hypothesize, different factors can contribute to strengthening the territories' weight of authority, one can use Ritaine's criteria less strictly and put more emphasis on the processes.

Taking as a starting point work on cities and regions, it has been possible to make the connection between the decline of state regulation and the strengthening of rivalry between territories, notably cities and regions. This competition has first been analysed primarily in relation to economic development and to mobilizations that aim to attract

4 Jessop (1990), from a neo-marxist perspective, reproaches supporters of the 'intermediate level' for abandoning the attempt to take into account the global transformations of capitalism, whether on the theoretical level or the empirical level.

social groups and public and private investments (Le Galès, 1993b). We then move on to emphasize institutional and political rivalries, either in a national framework (Genyiès, 1997; Ritaine, 1997) or in a European framework with a 'polycentric governance' perspective. This competition between territories is not everything, however: relations between territories, between territories and market, and between states and Europe are only in part regulated (and more so than before) by the logic of competition. This rivalry in turn acts to strengthen local mobilization, notably in the cities and the regions.

All this does not mean (and this point will be repeated several times) that the cities and the regions, supported by Brussels, are in the process of replacing the state. However, the central state's stranglehold has been released, and Europe is witnessing increasingly unstable intergovernmental relations, with the cooperation/competition model giving way to the creation of networks and to the strengthening of intermediate-level innovations. This loss of a central role obviously does not mean that the state has disappeared from western societies, or that there is any risk of its disappearing in the next fifty years. Nevertheless, globalization processes and European integration are leading to the emergence of a form of 'European polycentric governance', within which local, regional and national European actors interact (Marks *et al*., 1996a; Lequesne, 1997).

The construction of a European polity, and a new structure of opportunity for the cities and the regions

There is no doubt that the developments presented above cannot be described as constituting a conventional approach to the study of how sub-national territories are restructuring. More often than not, political scientists have tried to explain these transformations by analysing the processes of European integration as entailing: (1) a new distribution of powers and competencies; (2) differentiated territorial mobilizations and an increased number of public action networks that are not centred on the state; and (3) the creation of a new political order, a European polity whose precise outlines it is very difficult to discern (Marks *et al*., 1996b).

Our introduction has already given an account of different arguments which plead the cause for acknowledgement of the fact that states have, relatively speaking, lost their unique features. We do not know if, in the final analysis, European integration strengthens the member states, has no effect, or weakens them (cf. the polemic on characteristics of European governance 'State-centric versus multi-level governance' — Marks *et al*., 1996a); but a clear consequence of this process of integration has nevertheless been brought to light: the increasing complexity of the European public space (Muller, 1995) and the states' loss of capacity to exercise direct control over the numerous networks, partnerships, etc. which have developed.

Some of the work which has been developed, notably since the Structural Funds were set up, as well as all that which deals with social cohesion, reveals these different networks, the growth of interdependencies between the different actors, differentiated mobilizations in Europe, and the end of the states' monopoly on setting up programmes. (Again, this does not prevent them from retaining a major role, which may be strengthened in time; and the question of whether all this furnishes proof of the states' decline remains open.) The studies brought together in Hooghe's work (1996) or Smith's comparative research (1995) on this point lead to the same conclusions: a system of polycentric governance is developing in Europe.

There is no longer one single centre where power is concentrated, which has at its sole or almost sole disposal the main resources needed to develop and implement policies for social cohesion (beyond financial and legal resources, these are information, expertise, the capacity for mobilization, and legitimacy). Supporters of the polycentric governance model (particularly Hooghe, 1996) contend that sub-national levels of government are important, that their strategies/resources are fewer but of the same order as those of states or of the European Union; and that we should expect, on the one hand, that these

intermediate levels will increase in strength and, on the other hand, that there will be a growing number of networks and interactions in which intermediate levels will be payees of the state or other sources. We are thus witnessing a movement (a mass one?) in the redistribution of spending power away from EU member states, to the advantage of sub-national governments in particular.

Even having accepted the idea of polycentric governance, we are still left with all the other issues: how should power relations be reorganized, how should the principal interests be brought together? How should conflicts be structured? What forms of domination have simply been reinforced? What are the differences between sectors or countries, what are the points of restructuring of the political aspect in this European polity? This metaphor does not properly describe all the domains of public action: some, for example, remain strictly controlled by the nation-states. Like some of the networks literature, it tends to play down linkages and power relations, favouring a view of a vast system of interaction and exchanges, even in certain cases interpersonal relations. Certain groups of actors, such as certain political elites, try to act within this system to link networks together, organize debates and implement policies to structure this European politics (the Commission, for example).

Nor does this 'polycentric governance' context seem to imply any convergence of modes of government within each country, or convergence of mobilizations. On the contrary, policies on Europe in these national and sub-national contexts have been extraordinarily varied and have not contributed to homogenization. In any given small town, city, region or country, actors have been organized or not, mobilized or not, and have or have not interacted in complex cooperation/competition relations with other levels of government or with the central actors or with private-sector actors. As a consequence, it is particularly difficult to assess the effects of European integration as yet.

Nevertheless, the core-periphery paradigm which relies on setting sub-national territories and the state in opposition has had its day. For the cities and regions, the creation of a European polity means, in particular, that if they develop collective projects, they are likely to be able to mobilize a much more extensive range of actors as private or public sector, European, central or sub-national partners, and a much wider range of resources. However, this process is made easier if the cities and the regions already have substantial resources of finances, powers and collective action at their disposal — and this may depend on, for example, a strong identity, organized interests or regionalist movements. On the other hand, the weakest in this system run the risk of finding it hard to benefit from the new rules of the game. Although the game is more open, there is a risk that inequalities between territories — in terms of capacity for action or capacity to mobilize (and subsequent success in mobilizing) resources and external actors — will become wider, in favour of federated states or of certain cities and regions.

Consequently, the process of European integration may have an impact on current territorial restructuring and on the construction of modes of governance of sub-national territories in Europe. Moreover, other factors (notably those listed earlier) appear likely to have at least as great an impact. It seems very inadequate to examine these questions only from the point of view of the new distribution of powers, spheres of competence and organization of interactions in the European public space. We should also take into account processes of globalization and forms of economic development — all the more so because the states still play a major role in polycentric governance.

Regulation of the economy and territory

Given the dissociation of the territory from the economy and from politics, the issue of regulation of the economy has become increasingly pressing, and has given rise to numerous works which address the underlying question: what could the influence of

political and social regulation be on the economy? This section offers a detour through several works by economists and sociologists, in order to consider different regulatory combinations and to demonstrate both the significance and the limits of the 'territory approach'.

The use of the term 'regulation' suggests that we are primarily interested in 'Regulation Theory' (used in this sense, the term takes on a capital R). This is not the case, since a detailed presentation of works in that field would take us too far from our main theme. Without claiming to be giving a full account of this theory and of this school of thought,[5] we can simply recall that regulationists have a very carefully constructed and ambitious notion of the concept of 'Regulation'. Boyer (1986: 26) mentions that the 'regulationists' favour a definition of regulation proposed by Canguilhem for whom Regulation is 'the adjustment, in accordance with certain rules or norms, of a plurality of movements or acts and of their effects or products which diversity or descent has initially made foreign to one another'. 'Regulationist' economists have taken an interest in social relations and institutions that have enabled the stabilization of capitalism and its crises by identifying the modes of regulation peculiar to certain periods and certain countries: in other words, Regulation as a 'conjunction of mechanisms working towards comprehensive reproduction, taking into account current economic structures and social forms' (Boyer, 1986: 30), a meaning of the term which can be distinguished from other usages, notably that which identifies regulation as the intervention of the state in the economy in a Keynesian sense. The concept of 'Regulation' (in the sense meant in this theory) therefore implies criteria of permanence, legitimacy, stabilizing adjustments (Boyer and Saillard, 1995). Notably, this body of work demonstrates the effects of the persistent involvement of institutions, including the state.[6] In the end, however, this tradition, although it takes the state into account, does rather little to analyse it except as 'a set of institutionalized compromises' outside the market sphere but deeply rooted in social relations — a set of compromises which create consistencies and rules.

This tendency looks on the state fairly broadly as a liability and — notably in the case of Anglo-Saxon theoreticians, particularly Jessop — reproaches it, except as far as public expenditure is concerned, as 'an expression of institutionalized compromises' and of 'a system of political economy' linked to a mode of development. Therefore, state or political regulation (in the sense defined in our introduction) is not — or is very little — taken into account[7] except in the works of Théret (1992, 1995b) who takes a deeper, original perspective on the link between the political order and the logic of accumulation, in order to propose a regulationist theory of the state which shows real awareness of the autonomy of the political order and tries to demonstrate the economic limits of the state.

This complex, original and sometimes very abstract construction of links between the economic and the political opens numerous avenues for discussion and thought (Théret, 1995a), which cannot be followed here. It is enough for us to note that this work falls within a perspective which aims to clarify the crisis of the state and the welfare state and to suggest ways out of the crisis — a new regime that might stabilize capitalism — and which follows the example of Anglo-Saxon works on postfordism (Jessop, 1994) and on local systems of economic and social regulation (Peck and Tickell, 1995).

Regulationist authors have essentially worked in a national framework, so in fact Regulation means national Regulation. Given globalization processes on the one hand and

5 The reader is referred to Boyer's (1986) very clear presentation; to Boyer and Saillard, (1995) for the state of contributions to this discussion; and to 'Lettre de la régulation' (Boyer and Saillard, 1995), which summarizes the debates.

6 Boyer explains that the regulationist tendency, 'the regulationist melting-pot', has been inspired by the following main influences: marxism, American institutional economics, German historicism, the *Annales Economies Sociétés Civilisations* School, macroeconomic heterodoxy, and, to a lesser extent, by law and political science and by economic sociology (Boyer and Saillard, 1995: 24–5).

7 Even if in recent works, Boyer puts more emphasis on the role of the state as actor (cf. Boyer, 1996).

the processes of withdrawal/recomposition of the state on the other hand, one can wonder about the relevance of a national vision of 'Regulation' or, at the very least, wonder about its development.[8] This brings us to one of the problems regulationists have: a difficulty in thinking of the state and of social compromises in any terms other than national ones.

Local regulation of the economy: market regulation and reciprocity as mechanisms of governance

Despite this perspective being focused on the national level, many works by economists with some connection to the Regulation School have attempted to highlight local forms of regulation of the economy (meaning, however, Regulation in the Regulation Theory sense): in particular, they have rediscovered the English economist Alfred Marshall, who originated the concept of the 'industrial district' at the turn of the century. These are specialized small enterprise areas where 'coordination, by market and by reciprocity based on geographical proximity, of a social division of labour between small firms specializing in a segment of the production process' (Benko and Lipietz, 1995: 295) is prevalent. For economists, districts present as very dense fabrics of competing SMEs, including small industrial firms. Although this is clearly a case of market regulation, geographical proximity means that competitive relations are complemented by cooperative relations based on reciprocity.[9]

Economists have attempted to understand what differentiates territories in decline from those which have demonstrated particularly strong dynamism. Works on innovation and innovative milieux (notably Aydalot and Maillat) also manage to highlight non-economic factors in innovation and local forms of regulation of the economy, as well as self-organization where links with the world, regional or national economies function in very variable modes. Boyer and Saillard's work both synthesizes and continues the debate, and from this it is clear that Regulation economists seem to agree that certain territories or sectors have an autonomy but that the linkage between national economic regulation, weak international regulation and the fragmented elements of local regulation is not visible. Even the most fervent advocates of the local dimension of Regulation may admit that it is only partial: 'the local configuration of the mode of regulation is incomplete (no appropriate accumulation regime, totally exogenous monetary restraint, influence of the State, etc.): local regulation can perhaps only be partial regulation' (Gilly and Pecqueur, 1995: 306). However, all these contributions have given a strong legitimacy to work looking at the local dimension of Regulation on the one hand, and at local or territorial regulation on the other.

Some authors, often economists or economic geographers, have tried to demonstrate the existence of local production systems. A local production system… 'constitutes an organizational form where a collective learning process spreads under the influence of proximity' (Gilly and Pecqueur, 1995: 307). It is notable that they are characterized by particular modes of coordination of different actors (by conventions, rules, norms, behaviours connected with geographical proximity — all this in a more or less formalized register), and these may give rise to a local regulation which creates a 'specific collective dynamic: group of companies, production sector, collaboration network of firms, local innovation system' (Gilly and Pecqueur, 1995: 306). This local regulation is the result of the linkage of different regulations: '…in order for there to be territory, sharing (always partial, of course) of geographical proximity thus has to exist, as do organizational

8 'The development of international relations, the intensification of specific features of certain sectors of activity, of regions or of local territories, and institutional advances in the extent of the construction of Europe are all converging towards the same question: does the idea of 'comprehensive economic regulation' still have any meaning when defined at an essentially national level?' (Saillard, 1995: 286).

9 For Benko and Lipietz (1992), three forms of 'winner regions' stand out: the industrial districts of the third Italy, technological districts such as Silicon Valley or Boston's Route 124 (both sector and territory generating proximity effects), and major financial and service centres such as Los Angeles (Scott, 1992).

proximity (in relation to complementary features of technology and production) and institutional proximity (in relation to collective cognitive behaviours in seeking solutions to production problems)' (Gilly and Pecqueur, 1995: 308). This is the reason why different economists (including Benko and Lipietz, 1992) have advanced the idea of the 'governance' of localized production systems, since the political actor could play a role in these local regulations, all this being more or less well formalized (see below).[10]

Having embarked on a discussion of territory, one is not in a position to disregard any logic from a discipline other than its original source, and the case of the economists is an interesting one. Starting from an interest in innovation and dynamism, they emphasize criteria such as 'the atmosphere of the district', reciprocity and forms of cooperation between competing firms, original forms of capital-labour relations which are not just regulated through prices, not to mention the role of education and of local authority economic policy — in short, the 'invisible factors of economic development' (Doeringer *et al*., 1987).

While economists have taken an interest in these small firms, sociologists — foremost, Bagnasco and Trigilia — have been looking at local societies with local forms of regulation. Although the economy seems to have been regulated by the market, the two above-mentioned authors — taking as their starting points Polyani and economic sociology — have shown that, in the third Italy, this market has been integrated into local societies (Bagnasco, 1988). In these regions, market mechanisms are deeply intertwined with local communities, family structures (the most significant in Italy) and political subcultures (Trigilia, 1986; Bagnasco and Trigilia, 1992). This is because 'reciprocal trust between the actors is the *sine qua non* of participation in a cooperative market game' (Bagnasco, 1988: 16), which others have interpreted as connected with civic responsibility or with social capital (Putnam, 1993).

Bagnasco and Trigilia have created the concept of neo-localism in order to describe local regulation, as observed, to be: 'a particular division of labour between the market, social structures and, in increasing measure, political structures; a division which allows high flexibility in the economy and rapid adjustments to market variations, but also a redistribution of both the social costs and the positive repercussions of development within local society' (Bagnasco and Trigilia, 1992: 199).[11] In this case, the use of the concept of 'regulation' differs from the usage suggested in our introduction. Local regulation as instanced by Bagnasco and Trigilia is in fact a process which results from linkage between different types of regulation. This corresponds fairly exactly to what we understand by 'governance' (see above). One can easily see why these two authors prefer 'neo-localist regulation': as sociologists, they have seen these districts emerge without public intervention, whereas 'governance' retains the idea of steering and directing.

At first, sociologists and economists widely emphasized the market regulation-reciprocity regulation linkage (with reciprocity reliant on social structures), in order to account for the economic miracle of the third Italy and for neo-localism. The unplanned emergence of these districts, independently — for example — of any national economic or industrial policy, has contributed to the impression that the political side of things is a marginal factor. In a way, the Italian case has given the impression of a complicated game involving, on the national level, a large-firm economy (especially in the North-West), with its parasites: the political actor and an overblown, inefficient state which is, in turn, corrupted by the canker of political game-playing; while, in the third Italy, small firms,

10 See Le Galès (1994) for a critical note on Benko and Lipietz (1992).

11 Of course, this neo-localism has a particular social and historical context: the urbanized countryside and the legacy of renaissance city-states, the absence of major industrialization, the influence of family structures (domestic group and kinship network), the absence of polarized class structures, and the existence of political subcultures (some Catholic, some communist) which are maintained thanks to a closely-woven network of institutions: trade unions, mutual aid societies, associations, cooperatives, town councils, political parties.

family and community structures were interwoven to the extent that the political actor was almost absent.

Increasingly, the political actor has made a strong reappearance in neo-localism. Firstly, Trigilia's work on the political subcultures of right and left has shown how institutions (trade unions, political parties, cooperatives, mutual aid societies, banks) are interwoven in a way which enables organization and representation of interests on the local scene (Trigilia, 1986). Historically, Catholic and socialist political movements have been transformed into territorial political organizations. Secondly, he has also highlighted the role of local government, in that 'the provision of transport and housing services, day-care and health centres has often anticipated or reinforced national policies … thus our districts benefit more than any other region from a kind of 'local social wage'. In parallel with the material consequences of these policies, there is a symbolic and cultural aspect of local well-being resulting from citizenship integration' (Trigilia, 1994: 61). These originally socialist (later communist) and Catholic subcultures have — since the end of the nineteenth century, and then during the fascist period — played an essential role in defending local societies, preventing them from disintegrating when penetrated by the large firms and the state. Lastly, he shows that these local and regional subcultures have enabled the emergence of a local political power which is less dependent on individual demands and on clientelism, and more directed, given its origins, towards the satisfaction of collective needs (and of infrastructures) which could not be met by the market. Local government has played an important accompanying role — less spectacular but essential.[12]

Furthermore, although these Italian districts result from a spontaneous emergence in the 1960s, which owes very little to the political, their future evolution could be quite different. Districts are evolving and experiencing problems (pollution, training, inadequate innovation), and enterprise networks are forming which concentrate and integrate vertically, at risk of causing local regulations to disappear. Some districts are running out of steam, and risk being colonized by multinational companies. Many Italian authors place their hopes in political action: '…organization and politics are increasingly gaining importance over the simple free market and community relations. Political action, which can integrate a society that has become more differentiated, is tending to replace the functions which used to be fulfilled by common cultural roots. Without a healthy strategy for the local infrastructure and for support services to businesses, without effective local and national administration, without the possibility of districts getting help from national political authorities, local economies based on small firms are doomed to failure' (Bagnasco, 1994: 18). Many Italian political scientists and sociologists pin all their hopes on the region becoming a place of political regulation, where interests can be organized and a collective strategy defined (Trigilia, 1994).

In taking this view, the Italian authors are stressing what they see as the growing role of the political in local regulation, not in a dominating sense but in the sense of mobilizing and organizing interests so that new regulations can be defined within the framework of a collective plan. So we can progress from local regulation to questions of governance, a progression which enables the connection to be made with other experiences in industrial districts (Bagnasco and Sabel, 1994), notably in Baden-Württemberg or in Wales (Streeck, 1992; Semlinger, 1994; Cooke and Morgan, 1995) where, historically, the role of local authorities, political institutions and political élites has been fundamental in organizing economic development.

This sociological perspective on local regulations bears some relation to the beginnings of attempts to highlight a 'locality effect', made in British (Cooke, 1988;

12 On these points, we should also mention the shrewd reading offered by Ritaine (1989; 1994; 1997) and also Oberti (1993) on the social structure/localized social class dimension.

Harloe *et al*., 1988) and French works on localized social change,[13] in which the locality has been defined in terms of a system of action or — more rarely — a local society (except in villages). These works apply to two older, centralized countries where the political and social processes of national integration are long-standing ones, so we do not find (apart from some exceptions) true socio-political formations, or neo-localist regulation in the sense meant by the Italians. But it still remains that different case studies have been able to throw light on different local systems of action.[14] In the wake of the Italian contributions, but revealing all the ambiguity of the territory, authors such as Ganne (1994) have shown that, in limited cases, there are mechanisms of social and economic change which are localized or subject to a bias towards shared identity.

Setting aside the special case of the Regulation School, the works in our brief review invite us to reflect more systematically on localized forms of regulation, starting from the principle that, depending on the territories, very different combinations of regulations are likely to exist and to vary over time. One can read this as either an invitation to engage in a more systematic search for localized forms of regulation or, on the other hand, to seek out forms of deterritorialization of different regulations, which are not only linked to economic development but also to both social processes and construction of the polity.

From governance of firms to governance of territories

The connection between regulation and governance cannot come as a surprise. If our introductory hypotheses — differentiation of the political, the increasing complexity of societies, the fragmentation of the social and the political — are confirmed, then this of necessity leads to our revising certain concepts and proposing others. The use of the concept of 'governance' must first be viewed within the limits of the concept of 'government' and then, more generally, with the classic separation into state, society and market (Jessop, 1995).

Taking up Jessop's (1995) proposed overview of this topic, one sees that governance is obviously not a new idea. It can be traced back to medieval Latin: *gubernatia* carries with it ideas of leading, steering, directing.[15] The development of nation-states and governments has led to this usage of the term becoming obsolete. The main ambiguity in the concept of governance comes essentially from its use within the framework established by those economists and sociologists who are interested essentially in the coordination of economic activities and of organizations (Jouve *et al*., 1995). This therefore justifies our giving a precise definition of the use which leading authors make of this concept, in order to distinguish it from the one that we are offering.[16]

The main use of the concept has at its source institutional economics and the sociology of organizations. As far as institutional economics is concerned, the concept of governance here echoes the economists Coase and Williamson's work on transaction costs, which has been added to by economic geographers. Thus Jouve *et al*. (1995: 2–3) formalize the 'Coase/Williamson/Scott paradigm: industrial organization arbitrates between the organizational costs internal to the firm and the external transaction costs between firms. . . .'Governance' refers to the institutions (structures and procedures) which might manage these transactions in the most efficient way possible'. The coordination of these different transactions leads to the development of organizations,

13 See *Archives de l'OCS* (1979–80); *Cahiers de l'Observation du Changement Social* (1982); and for a partial summary, *L'esprit des lieux* (1987).

14 See the special issue of *Sociologie du Travail* (1991); Borraz (1992); and, for discussion, Le Galès (1993a).

15 On this point, see also Sennellart (1995).

16 Jessop suggests, moreover, that two other usages of the term should be pointed out: firstly, in the study of international relations and secondly, among authors influenced by Foucault. For an account of these issues of government and governability in Foucault, see Gautier (1996).

of market relations, or even intermediate forms such as networks, associations or informal coordination. The chief issue raised by the economists is that of the greatest efficiency of the firm and, from this perspective, of the mechanisms of governance (or type of regulation within the organization) implemented in order to limit transaction costs.

From this origin, and running counter to the ultimately fairly standard economist bias of the American institutionalists, other works have attempted to expand this perspective, relying on Max Weber, history and the sociology of organizations.[17] The acknowledgement of the proliferation of different forms of economic coordination in capitalist countries, different forms of hierarchy or of market, is the source of work on economic governance. The concept of governance has been increasingly used to describe types of relations and of coordination (most often non-market ones), and hybrid forms of regulation. In their reference volume, Campbell (a sociologist), Hollingsworth (a historian) and Lindberg (a political scientist) take a great deal of care to operate within the scope of a sociological approach: unlike economists, they are tackling not only the improved economic efficiency of firms, but also 'struggles over strategic control and power within economic exchange that provide the principal dynamic for governance transformations'. In a 'new political economy' perspective, they attempt to highlight the ideal types of mechanisms of governance of the economy and its different sectors in capitalist societies, combining these with a particular interest in the state and its modes of action.

These authors have proposed a typology of mechanisms of governance, which we have called here 'regulations': market, various kinds of networks, hierarchies, informal organizations, associations. This theoretical framework has then been used in a historical study of different sectors of the American economy, in order to understand their transformations.

Two aspects particularly interest us: in the first place, the fact that the question of governance is defined as the interaction — over time and across sectors — of different regulations. It is rare to find a case of pure regulation of a single type, even though certain forms of regulation dominate depending on the sector or the period. Secondly, the comparative and historical perspective of this empirical work enables us simultaneously to take account of change and to see the evolution of the role of the state and of forms of political regulation, and their relative position.

On the other hand, their perspective remains that of economic governance, with — between the lines — a definition of governance as a collective action problem to be resolved, and sometimes as a problem of economic efficiency, in the collective sense of the term and not defined at the level of the firm as neoclassical economists use it. The view of governance as a problem of coordination can be found also in works on public action.

The above mentioned authors are not strongly bothered about territories. They are working within a comparative perspective on the different forms of capitalism from the end of the nineteenth century to the present day, and attempting, unlike neoclassical economists, to explain the under-productivity and the relative efficiency of the American economy by a deficit of governance. On the other hand, their perspective has been adopted and reinterpreted by economic geographers and the concept of territory-economy, which has enabled a progression from the concept of governance of firms or of a sector of the economy to governance of a territory.

In Italy, in the United States and in France (Benko and Lipietz, 1992), the territory has appeared as a factor which might serve to reduce transaction costs between firms on the one hand and, on the other, to constitute an appropriate level of coordination (for

17 On all the points raised in this paragraph, the reader is referred to the work by Campbell *et al.* (1991) on the governance of the American economy.

example via urban planning) for resolving problems of collective action (Scott, 1992). So governance is defined by starting from different forms of regulation, which have to be viewed alongside the proximity of actors, groups and institutions and the spatialized interactions of different organizations. Lipietz has proposed cross-fertilizing types of governance of production systems with territories (Benko and Lipietz, 1992). So it is tempting, even though all this remains fairly unformalized, to try to make the connection between localized production systems and local political systems in order, on the one hand, to strengthen the coherence of the local approach to regulations, and on the other hand, in a more normative way, to deduce from it precepts for public action. Comparative works like that of Dunford and Kafkalas (1992) show in particular how policy coordination by different mechanisms might have decisive effects on the economic development of certain regions (for example, Scotland or Grenoble) even though in the UK case and where market regulation was predominant, this type of virtuous progression was impossible.

Ganne (1994) has framed this question of the territorial governance of production systems more critically, by putting forward the hypothesis that in France there is a connection between relations within the political and administrative system and relations within firms, distinguishing between four periods. In particular, he shows how the policy of economic modernization conducted by the state and major industrial groups in France has contributed to 'liquidating' local systems. Starting from an analysis of the fragmentation of local economic systems by branches of industry and by institutions, he demonstrates the role of influential local figures and of vertical integration, each branch or sector having a direct relation to the state, which illustrates a completely opposite case to the Italian one. Thus one can understand how an 'anti-investment' prewar state allowed these rigid local industrial systems to prosper, while the postwar state as actor precipitated their ruin. This interpretation is seductive because it supposes a 'mutation of the whole economic and political system', which then justifies the political economy approach and the criticisms directed at economists and geographers. Thus he demonstrates that localist or neo-localist approaches lead into dead ends because they forget what is, in the French case, the single most crucial, structuring element of the system — the political element, the state. Finally, he offers an analysis of forms of social exchange, but does not content himself with remaining inside local systems: on the contrary, he examines 'the global system of regulated exchanges', taking into account the central level in the French case, and even exchanges within enterprise networks which are not organized on a territorial basis. In this case, Ganne offers us an advance in theory which goes further, generalizing one of the most innovative aspects of the Italian work on industrial districts.[18]

Territorial governance

The foregoing developments lead to a whole series of questions: Can one identify territorialized modes of governance? What are they? What are the mechanisms and the processes in play, and what are their consequences? What is the contribution of political regulations to these territorialized modes of governance? What factors are likely to favour their emergence? Having illustrated the linkages of regulations which combine in local modes of governance, one may reconsider political regulation and the territory in a rather more inquiring manner.

Within the classic framework of public policy studies, the state is defined by the domination and power that it exerts over society and the economy in a territory. In

18 One could pursue and develop these territorialized exchange perspectives, notably territorialized political exchanges as proposed by Négrier (1996).

'governance', ideas of leading, steering and directing are recognizable, but without the primacy accorded to the sovereign state. Raising the question of governance suggests an understanding of the linkage of different types of regulation in a territory in terms of political and social integration and, at the same time, in terms of capacity for action. In the wake of the 'new political economy', tackling this question amounts to a re-examination of the interrelations between civil society, state and market and of the recomposition of these different spheres whose boundaries have become blurred. Contrary to the suggestions of some authors, the attempt (or attempts) to conceptualize in terms of governance is not always due to the effects of methods but is rather the result of comparative research which aims to highlight similarities and differences and which makes new conceptualizations necessary.

Jessop offers the following definition: 'one could define the general field of governance studies as concerned with the resolution of (para-)political problems (in the sense of problems of collective goal-attainment or the realization of collective purposes) in and through specific configurations of governmental (hierarchical) and extra-governmental (non-hierarchical) institutions, organizations and practices' (Jessop, 1995: 317). Governance in the political sociology sense is therefore defined as a process of coordination of actors, social groups and institutions in order to attain appropriate goals that have been discussed and collectively defined in fragmented, uncertain environments. In the wake of Leca (1996), and following Kooiman (1993) and Mayntz (1993), I have attempted to justify the use of this term in the framework of city government in France and in Europe (Le Galès, 1995a; see also Harding, 1993; forthcoming). Although the concept of governance is different from that of government — given the role of the state and the public sphere — things are not the same in the United States, where the two terms are often used as equivalents.

Given what has been shown about governance of the economy, it is not surprising that a part of the literature on governance of action comes from authors linked to rational choice theory and to public choice, and consequently, public management. In these works, the question of governance is connected with the problem of the effectiveness of public action, and so seen as a problem to be resolved. For good or ill, the questions raised about transaction costs, efficiency and coordination of social and political activities are translated into 'management' terms. Here one may recall that for 'public choice' economists and political scientists, increasing the number of public or private agencies linked by contracts represents the most rational solution to the problems of public action and of the cost/efficiency ratio of collective action. A large part of the American work on governance in relation to politics is situated in the area of state reorganization, seeking new organizational principles which allow the state to improve its efficiency. This is because the state and politics together composed the classic type of regulation for exercising power over the economy and society via budgetary controls and — in particular — bureaucracy; but this need not inevitably be the case. Thus, numerous works have been published on the reorganization of the state, public management, the new administration, and the introduction of market mechanisms into public services, all accounting for 'the new governance'.[19]

In shifting the emphasis of our questions about governance of the economy towards the territory, we seek to free ourselves from the constraints and issues raised by institutional economists or by the sociology of organizations, in order to move beyond issues of efficiency and coordination and to reinstate a peculiarly political dimension. The question of collective action (and of public policies as collective action) is raised, but to this have been added goals to be attained and the question of legitimacy and of debates. In short, even if this issue is important, we are not interested only in questions of economic development.

19 See, for example, Peters and Savoie (1995).

Rather than continuing to generalize, it seems more fruitful to apply this concept at a meso level. The sector or the territory makes sense as a unit of analysis if one can highlight what the unit at this level of analysis actually is, justify dividing the subject matter up along these lines, and then describe the groups, the actors, the institutions and their interactions.[20] Despite the risks of reification, the decline/recomposition of state governance in European countries seems to be encouraging us to regard the territory, particularly cities and regions, as a unit of analysis.

Avenues for research

An initial definition of urban governance has been offered, relating in particular to the problems of organizing and regulating interests: 'Governance is the capacity to integrate and give form to local interests, organizations and social groups and, on the other hand, the capacity to represent them outside, to develop more or less unified strategies towards the market, the state, other cities and other levels of government' (Le Galès, 1995a: 90). This meaning of the term refers to what happens beyond an organization — that is, the capacity to organize collective action, to build coalitions and partnerships directed towards specific goals. In this we are going beyond the simple issue of efficiency, and so we need to bring in different types of legitimacy, power struggles and the creation of identity. It is not a matter of ascertaining what is good governance, but of highlighting the mechanisms and processes which enable or prevent the achievement of a more or less structured mode of governance with goals that are likely to vary. In this context, public-private partnerships and public policy networks (John and Cole, 1997) contribute to the process of urban governance. Regimes represent a particular form of mode of governance.

In proposing a framework for the analysis of governance of territories (in particular, in order to make comparisons), one might try to highlight: (1) the type of actors and their resources; (2) the linkage of different regulations in a territory; (3) the different analytical dimensions of governance and the regimes/modes of governance; and (4) factors which may explain the different types. This analytical framework is intended to be useful in a European context. Several aspects of governance should be distinguished.

First, it is necessary to distinguish two dimensions of urban (or regional) governance which enable it to be reconciled with the sociology of localities — an external dimension and an internal dimension:

- The internal integration dimension: within the framework of a city, urban governance refers to the capacity to integrate organizations, actors, social groups and different interests. In some cities or regions, there is a capacity to integrate the major proportion of public (local and central), private and community organizations — for example, in order to devise a common strategy or to develop policies. Certain social groups may be either included in or excluded from governance. There is no obligation to integrate. This governance must also reflect the capacity to apply to actors or to organizations whose base or *raison d'être* lies elsewhere, the capacity to make them want a degree of integration into the city, to influence their cohesion and to pursue — even if only partially — its goals and objectives, even its values, in their actions and strategies. In contrast to this, certain cities are marked by political or social structural conflicts which block any form of collective action. Strong urban governance does not inevitably mean homogeneity, lack of conflict or half-hearted consensus. It reflects the existence of regulations, a capacity for action and perhaps some form of hegemony.

20 See Saillard's (1995) remarks on sector and territory, and the definition of industrial sector as a unit of analysis adopted by Campbell *et al*. (1991: 4): 'a matrix of interdependent social exchange relationships or transactions that must occur among organizations, either individually or collectively in order for them to develop, produce and market goods or services'.

- The external integration dimension of governance is a statement of the capacity to represent outside and to defend a strategy, the capacity for relatively unified collective representation to the state, the European Union and other local authorities in order to develop a political capacity to extract resources. In particular, this may be accomplished through strategic economic planning and a collective vision of the city's position in the future. This dimension is all the more important because all the works in this field report the increasing number of interdependencies between levels of government (Balme *et al*., 1994).

The more or less territorialized nature of a mode of governance constitutes the second aspect to be emphasized. One can envisage a type of territorial governance with strong (external) market regulation combined with strong state regulation, which one might call dominated governance. A third aspect may be a variable of the capacity for collective action, for public action that goes beyond integration, beyond representation. Strategic goals and directions constitute a fourth aspect. Modes of governance may be directed towards quite different goals. As far as cities are concerned, one could suggest that the logic of economic development on the one hand, and of maintaining social cohesion (as well as the struggle against social exclusion) on the other seem to be the two main objectives of urban government coalitions in European cities. Lastly, modes of governance depend on the interplay of the regulations identified earlier, which are more or less vigorously put into practice, in a more or less integrated way.

Stoker and Mossberger (1994), in their stimulating comparative view of urban political regimes, have offered some typologies. The criticism directed at them (Le Galès, 1995b) rests on their questionable vision of the relationship between local social structure, local identity (*quid?*) and regime goals. On this point, it should be noted that our analysis of territorial governance is not unrelated to the concept of 'urban political regime'. I have already attempted to demonstrate the limits of the concept in a European context (Le Galès, 1995a: 81–2; see also Harding, 1995), taking into account the emphasis placed a priori on relations between the public and the private to the exclusion of other actors (notably the state), as well as the inevitability of regime formation and a very rudimentary view of local regulations. The territorial governance approach seems to us to be more complete and better adapted to European countries. Nevertheless, 'entrepreneurial governance' is close to an 'urban political regime' or a 'growth coalition'. It remains the case that, in the European situation, many cities or regions have entered into the logic of competition only to a moderate extent, and that the maintenance of the local welfare state and of social cohesion remains a more important political objective than economic development (Harding and Le Galès, 1997).

It should be possible to combine types of localities, regulations and strategies to define ideal-types of governance. In cases of stabilized governance, one could speak in terms of a governance regime, bearing in mind that in most cases, weak, fragmented and dominated types of governance are likely to predominate.

One view is to suggest that a single dominant model of 'postfordist urban politics' is unlikely to emerge in Europe (Mayer, 1994), a view which has been further discussed (Le Galès and Harding, 1998). Urban governance is related to the social, political and economic dynamics of place. If there is such a thing as urban governance, in the sense of integration of interests, it suggests that a locality is able to create a sense of identity, of collective organization. Some factors may make it easier to develop strong urban governance: political leadership (such as an American or French mayor), social cohesion, culture, history, or lack of severe financial pressure. Within such a framework of analysis, one tends to resist a global view of postfordist urban governance. It is assumed that postfordist economic and social conditions are constraints on rather than determinants of urban policies. Governing coalitions may rely upon traditional local institutions and dominant groups, and include or exclude immigrants or disadvantaged groups. Structural

conflicts may prevent collective action and ensure the domination of outsiders such as state representatives. To some extent, current conditions of capitalism may provide an incentive for the formation of urban based coalitions trying to promote economic development. As long as the welfare state continues to exist and non-market regulations persist, there is always a choice for localities to go or not to go along these lines.

For example, if we turn to local social policies, contrary to what might be expected many cities are very active and sometimes successful at preventing cuts or expanding services (although their room for manoeuvre within the nation-state differs considerably from one country to another). There are a number of reasons why urban local authorities should be inclined to maintain social protection:

- Most European cities now face old or new forms of urban poverty (Hajimichalis and Sadler, 1995). This feature is most striking in nineteenth-century industrial cities facing severe economic restructuring: British cities of the North and the Midlands, also Dublin, Glasgow and Cardiff; cities of Wallonie, the Northeast of France and Saint Etienne; the German Ruhr; and industrial ports from Liverpool to Le Havre, Marseille, Gênes or Bilbao. However, today even wealthy cities have neighbourhoods in crisis and increasing groups of people on the margins, as is the case for instance in Paris, London, Lyon, Hamburg, Frankfurt, Barcelona, Milan, Stockholm, Edinburg, Amsterdam and Rotterdam. Southern European cities sometimes face a combination of 'traditional' forms of poverty related to rural emigration and new forms due to economic restructuring, such as Athènes, Naples, Bari, Séville, Lisbonne and Porto. Almost everywhere, it is now widely accepted that social problems will not disappear; they are not temporary. It is perfectly rational for European cities to try to avoid an American scenario and the creation, within the next ten or twenty years, of types of ghettos. Even if the keynesian welfare state has lost support, not many urban leaders would welcome that trend for their cities. They are therefore bound to do something. By contrast to the leaders of nation-states, for whom symbolic policies may be sufficient, they have a day to day relationship with people in their cities. They have to confront the daily consequences of social problems and their actions are relevant for local elections. They cannot afford to lose the support of middle-class groups. They know that any cuts in social welfare will first and foremost hit people in their cities and are likely to make matters worse. Within their financial capacity for manoeuvre, they are likely to try to maintain welfare services to avoid any worsening of social problems in their city. Also, as has been the case in many countries, including pre-Thatcher Britain, urban elites are likely to support national welfare programmes because their inhabitants benefit from it. Faced with increasing social problems, urban leaders are bound to seek the support of the central state, the welfare state in particular. It follows that national leaders are tempted to decentralize the regulation of expenditure during periods of fiscal constraint so that the sub-national levels of government are faced with having to make hard choices.
- The structure of urban governance in some cities may lead to the defence of some groups, to protect them from the rigours of economic restructuring. In Britain, France, Italy, Germany and Scandinavia, various types of socialists or social democrats have been in power in many cities. Often conflicts have arisen between old guard working-class leaders and younger well educated 'new left' elites. The 'new urban left' in the UK and the socialists in France were vigorously opposed to the 'old labourist left' on the one hand, and to the Communist Party on the other. In working-class cities dominated by trade-union leaders, support for public services and welfare for workers and their families has often been the main priority and has remained so (as in Le Havre until 1995, and to some extent some German and Scandinavian cities). Even with 'new left' politics, urban leaders are often close to public sector

professionals (social services, universities, education, hospitals and health services) who are reluctant to accept an erosion of those services. Defending those services may equal the defence of their jobs and sphere of influence (even in a clientist sense). In Perugia, Rennes and Norwich, for instance, regional capitals dominated by public sector services such as universities, there is no willingness at all to restructure social policies. In Rotterdam, Montpellier and Birmingham too, entrepreneurial urban elites have lost votes or elections, or fear doing so, recognizing that the left would be defeated without the support of what remains of employees and working-class people. The change of leadership in Birmingham in 1993, once seen as the showcase of entrepreneurial private-public partnership in British cities, signalled that not everybody wanted to subordinate social policies to urban prestige projects. In France, the 1995 municipal election campaign was a good illustration of that trend. Leading urban socialists mayors (such as Pierre Mauroy in Lille, Edmond Hervé in Rennes, Georges Freche in Montpellier, Catherine Trautman in Strasbourg, Jean-Marc Ayrault in Nantes or the new socialist mayors of Grenoble, Rouen and Tours) who were once advocates of entrepreneurial strategies and urban prestige projects all went back to classic 'new left politics' with an emphasis on social services, the maintenance of social cohesion in cities, support for the unemployed and mobilization against the marginalization of disadvantaged groups. In terms of urban governance, social policy is often a key policy to keep disadvantaged social groups and voluntary sector organizations within the city. They were aware that going too far along the marketing side had upset many public sector employees and managers, the core of their electorate.

These brief comments suggest some reluctance to accept a global postfordist order. There is no doubt that the current environment has led to the development of entrepreneurial urban politics in most western cities, but traditional policies are in many cases still predominant. The urban governance approach is an attempt to consider the political choices that are likely to be made in certain cities (in which sense, it is informed by the urban regime literature) but also to incorporate social regulation and the willingness to consider some cities as social structures (Bagnasco and Le Galès, 1997).

Which territories for governance?

Beyond these economic pressures, all kinds of flows (of pollution, of information, of immigration and of culture), along with globalization processes, contribute to limiting the state's autonomy (Held and McGrew, 1993) or signal the end of the state's territory (Badie, 1995). All these flows, to which the cities are also party, represent not only pressures for the state but also for the sub-national territories.

At worst, these tensions will blow the city apart. Research shows, however, that this does not often prove to be the case: internal and external integration find a balance — even though this is continually challenged — either by adapting to economic development or by offering protection from the ravages of the market. The organization of cities as actors could also be analysed as a collective reaction to the risk of a capitalism which is too much subject to the uncertainties of markets. More precisely, this analysis would reveal that there is a reaction to the risk associated with the deregulated free market, and this creates and reinforces the capacity to act on these markets, to organize and strengthen the possibility of the actors agreeing a local compact. Cities would be above all 'flexible insurance policies', since their environment and their diversity enable firms to reduce their risks, to have access to immense expertise, financial, infrastructure and labour market resources, all of which reduce their margins of uncertainty in the face of the hazards of world economic competition — the same competition which is meanwhile multiplying the risks for firms. It is a difficult game to play, since it also reinforces rivalry between cities, with winners and losers, and can lead to the

development of social dualism within the city. This might be the case for cities and regions which were the first to experience the limits and uncertainties associated with the loss of control over their destiny which characterizes contemporary societies.

If European nation-states (notably the oldest and most centralized, such as France, the UK, Sweden and Portugal) have lost a part of their capacity to regulate and structure society (even though they remain important), one should question the lines along which the political aspect is restructuring or being recomposed. Territories other than that of nation-state are likely to emerge as places of social and political regulation. Sub-national territories — in particular, cities and regions — come into view as one of the levels of possible regulation of interests, groups and institutions, even if this territory does not have the characteristics of the nation-states.

Consequently, in collaboration with Bagnasco, the present author has formulated the following hypotheses (Bagnasco and Le Galès, 1997). The erosion and restructuring of nation-states and national societies has reawakened interest, particularly from the point of view of cities, in these approaches which spring from a double logic:

> The first element relates to the conditions which allow cities to remain at the heart of stable economic and social relations over time, through actors who act reciprocally. Thus, cities are local societies structured in various ways. The second perspective concerns the capacity for internal regulation of the interplay of interests — and how this contributes to integration — and the capacity for representing these interests as a recomposed whole on the external scene; this, at least to a certain extent, makes cities into unitary actors. They draw their specific features from different levels of government and from their urban governance... History does not repeat itself and the return of the city-state is not on the agenda. Nevertheless , it is probable that in the present situation — where national states are in difficulties, there is an international relations crisis, and the construction of Europe is under way — a climate of doubts and uncertainties for the higher levels of government is forming: this represents a new historical interlude in which a political space is being restored to the cities, and no one knows how stable it will be or how long it will last. ...Although we are talking about a limited space, the degree of freedom and room for manoeuvre of the cities is growing. The social and political actors have understood this and are directing their strategies accordingly (Bagnasco and Le Galès, 1997).

In the realignment of state, market and civil society (especially noticeable in the blurring of boundaries between them), the extension of the logic of the market, including into the public sphere, seems to be leading to a demand for social and political organization at levels other than the national level, particularly in certain territories. Paradoxically, reaction to market pressure could lead to a form of return of the political or, at the very least, to a restructuring of the political in some European cities and regions. The new structure of opportunity generates new inequalities and new forms of domination.

However, this kind of strengthening of social and political organization in some cities, which we are attempting to look at in terms of the concept of governance, is no longer just the political aspect defined in terms of control lending political meaning to the territory (Sack, 1986). If one sticks to this definition, as Badie (1995) suggests, then his 'end of territories' thesis loses all meaning/takes on its full meaning. As this author suggests, the proliferation of networks is leading to the disappearance of the traditional conception of the boundary. The coincidence of social, political, economic and cultural structures is coming to an end, and this is opening the way for the logic of deterritorialization of networks and of actors on the one hand (using Bartolini's analysis, this is the 'logic of exit'), and of reterritorialization on the other hand. Here we are definitely entering the logic of political construction, of attempts to structure and link actors and networks, of the creation of new, fragile and competing boundaries. Some cities and regions in Europe are trying to organize themselves as collective actors by linking together identities, political strategies, economic development and social structures in varying combinations. Contrary to what Sack suggests — territory as

control and the normative system which is associated with it — the modes of governance which are being structured in European cities and regions (or some of them, Keating, 1997) are first and foremost characterized rather by place-based social interaction, by the construction of meaning and identity, by the linkage of networks, by public debate, by the structuring of interest groups and by the interplay of actors, though not necessarily, and even — though rarely — by the use of coercion. This most often involves the mobilization of social groups, of institutions, of public and private actors who build coalitions and devise collective projects in an attempt, on the one hand, to adapt to economic transformations and, on the other hand, to feel somewhat less pressure, or even to protect themselves entirely, from the effects of the market. These modes of governance may lead to localized forms of hegemonic mobilization plans in favour of the market (Préteceille, 1997) (thus the classic neo-marxist analyses remain current) and the domination of certain social groups (Pickvance, 1995), or, in contrast, to original forms of adaptation or resistance — for example, on the part of social movements (Mayer, 1997).

Conclusion

Even though we are applying an analysis of cities as collective actors, starting from a 'new political economy' of cities, it does not necessarily seem right to see this perspective as a simple abandonment of the political aspect and its associated issues (legitimacy, citizenship, democracy) in favour of a neoliberal agency-coordination view or a purely exchange-based view of power (Pongy, 1997). On the contrary, our analyses aim to emphasize the linkage of different regulations and therefore to consider the political in terms of the construction of meaning and identity, as well as in terms of political regulation and of public policy (see the many works which stress the relationship between 'policy' and 'politics'). This analysis offers another key for analysing the mechanisms of recomposition of the political (cf. especially Pongy, 1997) and for analysing the different dimensions of political regulation of sub-national territories in Europe.

The state is recomposing itself, reorganizing. Given its deep historical roots and the resources at its disposal, any announcement of the death of the state is certainly premature. Wright (1996) has unlimited opportunities to mock all those prophets of globalization who forecast that the state will wither away. For Wright: 'the economic recession, an ideological paradigm shift which tends to favour the market, the evolution of politics, internationalization, liberalization, multi-nationalization, Europeanization, technological progress, public sector reform, the shift in emphasis of political preoccupations, and incentives to decentralize have created a dynamic combination'. Along with Jobert (1996) and Duran and Thoenig (1996), he rejects the idea of the hollow state and defends that of restructuring the state. They identify constraints being exercised on the state, which are actually becoming opportunities for expansion. The present author does not wish to enter into the detail of these arguments, and in the absence of decisive theoretical and empirical arguments, for our present concerns it is enough to record that the state has lost some of its central role and that this opens up possibilities of horizontal structuring, possibly even vertical structuring at intermediate levels.

The — even relative — retreat of the state, or its reorganization, opens up opportunities for cities. However, it does not establish a universal 'new localism' movement, justifiably criticized by Lovering (1995). Nevertheless, if networks are leading to the complete loss of significance of territories and if, for example, the dispersal of economic activities that used to be concentrated in the major conurbations renders obsolete any idea of city in the sense of political and social actor, then any idea of territorialized regulations or governance tends to weaken. However, certain cities have social and political regulations which allow them to emerge as political actors within the European Union. Whether one adopts the terminology of urban political regimes, growth

coalitions, 'institutional thickness', or the more sociological language of localities and governance, it remains the case that certain cities are characterized by stability of arrangements between social groups and institutions, by their model of development, capacity to integrate different local and external interests in a collective strategy, and capacity to represent these outside. This emergence of cities and regions goes hand in hand with the process of redefining identity and collective strategies, sometimes jointly with states. One of the interesting phenomena connected with European integration is the emergence of a sort of 'standard European city' which includes a certain number of cultural, economic, demographic and social criteria that are making the fortunes of international consultants. 'City as actor' does not inevitably mean engaging in intercity rivalry. Urban elites may think of original compromises between social cohesion, preserving the environment, and economic and cultural development, as well as forms of cooperation between territories.

It is possible to envisage modes of governance where fragmentation predominates, where the exercise of regulation is weak. The construction of such a concept makes it apparent how different regulations are exercised in European cities and brings to light the interplay of social groups, social movements, interests and urban service enterprises within the framework of constructing — or failing to construct — a collective political actor.

In part, this way of presenting urban governance clearly brings to mind older debates on pluralism and elitism (Harding, 1995; Stoker, 1995): indeed, it is intended to recall them. However, we are not just modernizing an old debate. In fact, the external dimension of urban governance has become very important, especially when factors relating to rivalry between cities and regions are taken into account — competition which is growing as state regulation declines. This competition is becoming part of the logic of action of cities and regions, and it contributes to mobilizing elites, social groups and institutions.

In this paper, we have tried to show how territory could be defined from different types of regulation. Political regulation of some territories may be weak, but this does not prevent other regulations from being exercised within the framework of a mode of governance. From a fairly traditional definition of governance as coordination, we have arrived at a definition as 'linkage between different regulations in certain territories'. It may well be the case that norms exist, flowing across territories and challenging an idealized vision of the local. This should not be enough to lead to a snap judgement discrediting the possible social and political construction of territories (in particular cities) as political and social actors. It does not seem to be imperative to give primacy to the normative system, and it does appear that the state has lost some of its centrality in certain European countries — and that the enmeshing of different levels and logics renders this vision of the political and of the territory somewhat obsolete. The political aspect which runs through our analysis of governance is defined essentially in terms of mobilizations, interests, groups, innovation and collective action but also in terms of a collective interest, of constructing meaning.

Finally, it only remains to take a serious look at these European cities (possibly these regions) as political actor — what kind of political actor is this? What are the conditions likely to make them into a political actor? It should first be made clear that a tension exists between governance and government. One of the key arguments implicit in the subject is that, in European cities, local government still plays a major — sometimes decisive — role in governance. If one is interested in cities as political actors and as producers of public action, one cannot give too much thought to democracy, citizenship and representation. This thought process is continuing, and is far from complete. Nevertheless, one element of the end of the life-cycle of the nation-state (and thus one comes back to Badie's analyses) in the traditional sense can be revealed: the end of territory viewed as the national territory of the modern state, the deconstruction of the political associated with states. If what has been put forward previously proves to be both

relatively accurate and permanent, there is a risk that the emerging European political order (within which not only cities but also states are going to continue to play an important role) will take a very different form and radically transform our understanding of the political. The return of the political in these sub-national territories has been brought to the fore in that certain territories are organizing politically to resist the often devastating effects of the market on local societies, or because dominant groups are imposing on a local society the discipline of adaptation to the market. Further questions need to be asked about the logic of identification, of belonging to these territories, about the issue of democracy and citizenship, of inequalities, of domination, responsibility, election, representation and legitimation. From now on, these questions will have to be asked in similar terms for different states, of course, but also for Europe, for cities and for regions.

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