Julia Salom Carrasco,
Joaquín Farinós Dasí ,eds.

Identity and Territorial Character

Re-Interpreting Local-Spatial Development

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Julia Salom Carrasco
Joaquín Farinós Dasí
(Eds.)

Universitat de València

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Introduction

Despite the multifaceted nature of the territory, understood as a complex system, scant attention has been paid to the objective of policy coherence, one of the five principles of good governance according to the Commission's White paper. There are powerful interests and reasons for that caught up in wanting to perpetuate patterns of growth and power relations established and strongly settled.

In economic crisis times it seems territory "does not matter"; less than never. But nobody ensures that it will appropriately be taken into account after. And what is worse, is an argument that neglects, consciously or not, the possibility of new innovative ways that precisely contribute to promoting, again, development. We understand this as territorial and sustainable development, which combines competitiveness and social dimension while being environmentally sustainable.

While in the EU we can see how the European social model and the so called "Welfare State" is progressively menaced and dismissing, in other parts of the world with more pristine conditions (where States recognize themselves as multi-national States and communities still can co-exist with some traditional respect to territory) they strive to demand and achieve the objective of "good life". It will not be coincidence that the Earth Summit (Rio + 20) returned to the South-American continent; again to Rio. In the case of Europe, where both territory and societies have been heavily transformed and even domesticated, analysis is necessary more complex, and recovery more difficult; but only in appearance. There are important changes taking place forced by the (financial) crisis that is decomposing states, rights and opportunities for welfare and development of places and generations of citizens who live there.

In such context this book presents materials presented to *2H2S European Research Consortium in Human and Social Sciences 11th International Seminar entitled "Identity, culture and right government of territory: is it possible to reinterpret the local development?"* held in Valencia and Castellón (Spain) on 16th to 21st July 2012 in order to move into the possibilities of promoting (at local level and with the objective of development of localities, regions and societies) necessary innovations. Not only socio-institutional ones (according to the consolidated statements of local and regional development of economic geographers and regional and urban economists) but also -and mainly due their added value- socio-territorial innovations. Second ones include first ones, by extending development relation-

ships with territory, economy and society, culture and the environment (in an inter-sectoral and coherent way). For that, territorial governance and decision-making, and renewed strategic planning, became a quality instrument for politics and policy management (in tuning with recent and promising, although it is not exempt of risks, ecosystem based management approach).

Despite clear evidence of failure that have reached the current situation globally, still is difficult to propose (and accept) progresses towards a renewed understanding of local (territorial) development planning; in two senses. First about focus, so far than economic; in which sustainability was not only reduced to measure environmental costs of facilities and services of general interest (costs that were not previously considered, as some time ago was the case of transport costs, leading then to new theories of international trade and imperfect competence models). Second about planning activity itself, each time more contested due rigidities and simplifications of real trends and processes. All this puts territorial development planning at stake.

Governance and culture are considered now as basis vectors. Culture this time is considered not only as heritage (cultural or natural), in a static or passive way, as a resource that can be put in market value to develop clusters of activities. This applies to tourism and leisure activities, anchored to some of these territorial given resources; values in many European countries have their own long history and their own natural and geographical conditions. But pro-active (and this is the fundamental difference) by putting them in value; a final value it is depending on the way they are managed and administrated (not only in a 'prudent' but also creative way). Culture and heritage also refers to intangibles, narrative, "story lines" and traditions; and not just to learn from it but also to reinvent it from. One has several names: know-how "savoir-faire", tradition or industrial endogenous potential…

Let's get practical. Although it is possible that large changes can occur in places, in a world ones want flat and undifferentiated, do not expect great miracles, but the reproduction of old patterns instead, where places and people are faced with an old race between "earning territories" and "lost territories". Way exhausted! We have to look alternative ways, or at least complementary to this old vision. The question then is which chances are for their peculiarities ... and where to find them? If nothing is new at all, at least ones can look for the differential supported by the own culture in order to promote changes or innovations in products, processes and organizations (public as well as private ones). The goal: re-inventing territories and exploring possibilities of these vectors such as identity, culture and new territorial government (governance) practices.

According to these premises this book is organized, from both scale and thematic point of view, in eight chapters following introduction. First one explores possibilities for a renewed local/spatial strategy focusing on territorial cohesion principle, objective and policy within a re-visited EU; itself seen as renewed spatial/economic regionalization project. Second one focuses on the key role and impacts of European Policies ('first pillar' ones, mainly Regional European Policy) for this purpose. Third one put eyes in re-industrialization strategy as way to recover economies in crisis (as is the case of Spain, and more in particular of

Valencian Autonomous Region, after Real Estate crash), through local industrial districts development. Fourth one studies immigration fluxes in the Spanish case; new attracted populations represent an important resource for local development as new job forces, skilled or not, but also with a diverse character that enriches places of destination. Finally four remaining chapters deep inside cultural dimension -cultural heritage and cultural cooperation- as key factor to successful local development strategies; through case studies analysis in some European context as Albania, France, Germany, Romania and Spain.

A cultural and geographical diversity that also is present in the list of authors and their own specialization field. That represents an interesting opportunity to the reader of this book in order to make an alternative approach, and see this strategic topic of local/spatial development from different and suggesting perspectives. Editors hope it can be useful in order to face successfully challenges spaces and places should to manage in current globalized and crisis context.

1 Re-territorializating local development in EU: local-based against globalisation impacts

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1. A new old history: (economic) crisis is here again!

Increasing regional differences in EU, financial crisis, non-democratic capitalism, civil society movements and conflicts, crash of the 'government-governance-governability' continuum, breaking moment in democratic regeneration (from real meta-governance between State-Market-Civil Society to a more limited State and Market one, and finally to Market dominium). As consequence: political and values' crisis, leading to civil reactions and movements, looking for guiding and leading own futures and for recomposing real good/right meta-governance relationships between State-Market-Civil Society in a renewed (real) democracy through Civil Society delegation of power in representative hands (under more civic control trying to avoid current democratic deficit).

Trying to say in a simple way, current situation across the whole world is the result of a new stage of capitalism production system –globalization– that represents some important changes regarding to some previous ones (Jessop, 2002). Among them some combination of factors are specially crucial: loss of citizens' control about their future; loss of national and even supra-national control over financial international fluxes and its effects; loss of redistributive character of market production model with a progressive concentration of benefits and progressive reduction of middle classes as crucial element for demand and markets (and so for productions and enterprises of the real economy).

In sum, capitalism cannot solve its own problems and its regular crisis but only displace them geographically (Harvey, 2010); but now also over time: firstly going back to the future (jeopardizing it because the problem of internal –families & business– as well as external debt), and right now going back to the past (social rights reduction/erosion trying to going back to previous stages of the industriali-

zation processes on 19th and 20th century –with low salaries, more working hours, more flexibility or simply deregulation–). Accordingly, within this new globalized context where not more displacement is possible, except across other unexplored places –seas and space– and along time –as it has been done– it cannot be democratic anymore (Streeck, 2011).

How we became to this new situation can be simply summarized as: the need to reinforce accumulation within the crisis of this model of production in the middle of the 1980s; re-invent itself by the end of the1990s with strong neo-liberal approaches; and predating and jeopardizing futures in first 2000s, until the current financial global crisis that –as a top that impedes to go so far– it seems oblige necessarily to go back (mainly in social rights) as only possible solution.

But also other alternatives to this provided one can be possible; that is, a model of competitiveness based on specific resources (local, endogenous, own, differentiated) instead common or banal ones; in line with old Jacques Delors' idea of local employment opportunities recently renewed as 'bottom-up development' (Panorama, 2012), supported on cooperation and territorial intelligence for both cohesion and better quality of life from local to EU levels (Farinós, 2013).

But in fact national perspectives are predominant, and a Federal EU Project seems to be each time so far, menaced by the opposite/contrary way tending to re-nationalization of policies, funds and programs. In this not so much stimulating way, currently predominant, nor democracy nor social rights nor welfare nor quality of live, nor happiness seems to win, but more traditional and conservative ways to do instead. In this trend liberals are clearly in advantage. Opposite could be the open field for progressive parties, with more clear trans-national and cooperative way from local to EU level, as first step.

If some time ago in EU (several decades after in the case of recent developed countries) local traditional conservative agrarian societies where the origin of local development (Bernabé, 1975; Houssel, 1980), right now it seems in this new international context the place-based approach is in stand-by, if not directly missing. However lack of rules and securities in a speculative (instead real/productive) economy, within a non-democratic capitalism era, a re-interpretation of this process is more necessary than never. One should try to go forward (to translate borderlines for the new 21st century), more than re-produce a revival of 19th century production rules and rights. In such discourse liberals are the king; even though progressive parties could feel comfortable by doing and claim for the same, as until now. For both ideological sides this option is easier and more comfortable than reinvent discourses and translate barriers (about this question, applied to EU, project see Migone, 2013).

At this moment one can think the key issue (and dirty tramp) is the problem of States' debt; as a mirage, considered as unsolvable problem in current state of the art. This matter is heavily menacing EU project at least for two important reasons: because there is not at all a clear delimitation and difference between credit and usury (and typify usury as international felony and crime, as in fact it has been done at national level in many cases; however international or EU new law against it is difficult due precedent traditions and facts); and because in this fuzzy situation

of markets tyranny some nation-states win (creditors or stronger ones) and have new advantages from those are losing (those with debt).

2. Development in theory and practice: short overview of its evolution and predominant focus

Development relates with 'progress' concept; as evolution from basic forms to more complex and elaborated ones that are understood as better than the previous ones ('modernization'). It relates in turn with other concepts as 'wealth', 'growth' of 'domestic product', which will lead to more satisfactory wealth and 'quality of life'. However these relationships are not of cause-effect style, nor lineal ones.

Initially based on a lonely economic perspective, development concept evolved to a more trans-disciplinary approach. From a simple understanding, development is economically oriented: as transitional process to a modern, industrial and capitalistic economy (this one in turn with different possible interpretations: Adam Smith, David Ricardo, Karl Marx…), by following and reproducing a model of development advanced countries use before and the new countries in evolution should to imitate and emulate (so the so called 'Developing Countries'). In this sense development is a progressive, irreversible, long term process following a homogenization pattern.

Modernization perspective joints several development strategies and approaches argued by authors as Rostow, Keyness, Perroux, Hirschman, Myrdal… It supports convenience of concentrate efforts on key (industrial) sectors and factors (social as well as institutional and cultural changes) with multiplicative effects and links in order to maximize results. That means to accept the unavoidable unbalanced character of the development process as strategy for action.

From a broader and more interesting understanding (more complex but less dependent and fatalistic), development means increasing quality of life, poverty eradication and better material welfare indicators. Within this new perspective it combines economic together with other social as well as environmental criteria/indicators, such as: covering basic needs, democracy, respect to minorities, protection of territorial assets as well as of local particularities and autonomy. It relates with new approaches and theories as those of 'Basic Needs' (Paul Streeten, in 1970s) and 'Basic Rights' (Amartya Sen and his 'Human Development and Capabilities Approach' in 1990s).

According with the *Basic Needs Theory*, despite economic growth is still considered as basic determinant in order to achieve desired development, it is not enough by itself in order to guarantee satisfaction of citizens' basic needs. In this case, main goal of development must be to give all people opportunities to live a fulfilling life. Since the 1980s several evaluation reports showed the failure when achieving this objective in many countries. By then they were mainly developing countries, but currently also is the case of old developed ones, right now in crisis (as some EU Member States). That leaded to a new soft law commitments at international level, as is the case of *Millennium Development Goals* (MDGs –eight objectives for human development adopted by 189 NU countries,

fixed in 2000 in order to be achieved in 2015 as deadline, and lastly revisited due failure on its fulfilment).

The Atlantic Chart (1941) –through which a new world order was established (until now)– based peace possibilities on economic and social securities. USA's President Franklin Roosevelt opens the way to a common understanding of development as incremental process following occidental/market pattern. In all cases this process would be under the supervision of supranational institutions as World Bank (WB) and International Monetary Fund (IMF). Initially conceived as control instruments in the post-war international order (in order to correct situations of absence of wealth/richness –a real danger for the global peace objective–), progressively this strategy was heavily criticized (Singer, Prebisch, Harvey, Lacoste…). Not only from the radical *Dependency Theory* (popular in the 1960s and 1970s, as strong reaction and criticism to *Modernization Theory*), but also at the end of the 20th century and the beginning of the 21st.

By now WB and IMF both are considered as clear examples of 'non-democratic' institutions. However they are guiding citizens' lives without their permission or taking into account their opinion; but trying to preserve bastard interests instead, really opposite to those of people. In fact they are running contrary to its original objective, to avoid the final cause of the new social-endogenous conflicts and lack of social peace. As reaction we can see not only recent 'springs' movements but also (this time by accepting rules of global capitalism) new recent geo-political instruments as *BRICS*, the common agreements among the five major emerging national economies (Brazil, Russia, India, China and South Africa).

After criticism to *Modernization Theory* coming mainly from Marxists, and after lessons learned simply and empirically over time, new approaches emerge; as is the case of the *Basic Needs Theory* (proposed by Streeten after the 11th International Society for Development World Conference, held in India in 1969). As key pre-requisite for development it asks for the fulfilment of 'vital minimum' for each individual (citizen). This ground, a necessary basis, is the necessary point of departure for any development process. These minimum factors considered are the following: ensuring material consumption needs, essential services for life (health, education, transport…), other factors facilitating own potential development (qualitative factors as participation and other favourable conditions as security).

This *Basic Needs Theory* relates with: the *Maslow's hierarchy of needs* (Maslow, 1943 –also a USA author, as Streeten was–), as well as with the new "SumakKawsay" ("Buen vivir") principle (included in both current Constitutions, those of Bolivia and Ecuador, in these cases with a more clear environmental sustainable approach); but also with the more recent Amartya Sen's *Basic Freedoms Theory*. In this theory freedom is understood as capacity to choose, as well as capacity to be able to do. Amartya Sen (1999) differentiates five kinds of freedoms:

- political ones: related with participation as basis or real democracy –menaced in the current global financial crisis–,
- economic services availability: one should remind this was a very basic issue in first understandings for Territorial Cohesion idea inside EU in the 1990s,

- social opportunities: again menaced in the current crisis because the diminution of social rights and coverage (eroded/'in coma' Welfare State),
- transparency guarantees: related with basic principles of good governance as openness, transparency and accountability (EC, 2001),
- economic securities: more traditional factor related with new governance requirements/conditions for development according indicators developed for some international –neoliberal oriented– institutions (as is the case of the Economic Global Forum and their *Global Competitiveness Reports* – see EGF, 2013-14–).

Despite these attempts for a broader and more generous understanding of development, it was re-conduced to more economic terms, again, along the 1980s and 1990s. However liberalization, free-market and de-regulation of economies did not give expected results. Contrary developing countries (as well as creditor countries) must face the challenge of external debt reimbursement. The result was the debt restructuring (Brady Plan –1989–) and the so called Washington Consensus promoted for the IMF, the WB and the US Treasury Department. This wrong called 'consensus' consist in a set of 10 relatively specific economic policy prescriptions to be applied along the 1990s by concerned countries (mainly Latin-American ones): prescriptions about macroeconomic stabilization, more clear economic opening for trade and investment, and the expansion of market forces (labour force flexibilization or/and de-regulation at internal level).

Structural Adjustment Programs were the key instruments to apply these main guidelines progressively oriented to liberalization, privatization and de-regulation. Again, development is more than never identified as economic growth. Poverty and social problems were considered as unavoidable compensation accordingly with 'necessary' hard structural adjustments (if debt countries do not want to suffer fiscal discipline measures and punishments). The logic behind of such process seems to look for continuous adaptation of national and regional spaces to globalization exigencies and constraints (restrictions) as the only way for a feasible (real, possible) development (never local, but systemic). Not so surprisingly, twenty years after, same arguments and same measures will be pursued and applied in EU 'developed' countries affected by the current financial crisis. Just when the Latin-American ones refuse these measures and practice opposite ones and seems to be in the right way to development, growth and better quality of life (according with their positive economic indicators and the emergence and development of a new and broader middle class).

Washington Consensus itself represents an innovation, trying to adapt and satisfy needs and exigencies of global capitalism: increasing liberalization of economy, but this time leadership on investments management is going directly to private interest hands. State's role is being reduced exclusively to social and juridical (law, regulative) matters, but any of economic nature. Furthermore, public power will be applied in a *New Public Management* approach (wrongly called so, because it is reductionist while trying to identify and confuse modernization with privatization). That means administrations should be less citizen but more client

oriented instead, in a progressive process of de-centralization/compartmentalization. This way make easiest externalization and privatization of previous public competences and services (new spaces of opportunity for private business and interests), by establishing a new code of relationships and routines of action (meta-governance) between State and Market while avoiding Civil Society.

In this trend only 'participation' refers and takes care for Civil Society rights. Notwithstanding this participation is not always understood nor applied in a very clear, right and useful way (as the desired 'areté' in Aristotelian wording). And this is a very important and crucial difference for new EU countries that are applying these Washington Consensus receipts since the beginning of the 2010s. Defence of traditional national interest (Economic Nationalism), the Social Contract, and past democratic and egalitarian capitalism, all of them are in regression. As well as Social-democracy (on Merkel words "…a party, no longer a movement"), that in current non-democratic capitalism conditions (Rodrik, 2011; Streeck, 2011) is in crisis and presents clear need of revision (Merkel & other, 2008; Romero, 2011; Steteer & other, 2009). If not it is directly in risk to be definitively eroded, changed or deleted; open window neither for a new society of needs and rights but menaces and risks instead (*Human Development* versus of *Risks Society* –Beck, 1992–).

This new situation high and clear claims for a reaction as well as for renewed alternatives and routines of action. One can imagine them more democratic and territorial based; some other can think localism is not enough, and claim for a new system, through revolution… or progressive changes (… to decide!).

3. From development to local development; what the local scale adds? Alternatives for a new understanding of 'territorialisation'

Any initiative trying to overcome limitations and inefficiencies of traditional development theories and receipts (as Washington Consensus –without any good result in countries applying them along the 1990s–) looks to generate new proposals and perspectives strongly related/linked with local/particular territorial/spatial conditions. They try to combine both material (economic, social, political, cultural and environmental components…) with symbolic components (story lines, narratives, values, ownership…); not generic nor indiscriminate ones but indicative, specific, adapted and even iterative ones instead (Johnston, 1991).

In this way the spatial dimension (territorialisation) appears as a new category with a synergic character facilitating such combinations. Since then, one speaks about a new development model based on local potentials (local as the more pertinent level but in relation with other ones –principle of multilevel governance, see ESPON, 2007–). So, new development models become differentiated and adapted to particular territorial features, as well as they should be able to find their accommodation within the global context.

While traditional structural policies for development adopted a functional approach, new perspectives of local development use a territorial focus as frame-

work for all actions. This new (local) development tries to achieve three main objectives: guarantee the global public goods right delivery among population, fight against personal-group-spatial and inter-generational unbalances and asymmetries in the new global context, and guarantee people fundamental rights.

Local Development theories belong to eclectic or multi-factorial theories; that is, local development requires several resources acting simultaneously. In order to achieve long term development processes, geographically based issues are the most important ones (e.g. infrastructures and facilities, quality of services, research and development activities, skilled labour force, talent). In similar way, one can also distinguish between generic and specific resources, being the second ones the most strategic and important. However, as some authors as Haugthon & Allmeider (2008, 2013) point out, only territories with a minimum required threshold (level) of development and strategic capabilities can make use of local potentials and global opportunities by integrating internal with external diagnostic (here we use SWOT routines as methodological approach). Those which do not achieve these thresholds should look mainly for national and external support, and for territorial cooperation.

Local features and local strategic actors are crucial (Tewdwr-Jones & other, 2005), but they also depend on political will and policies put in practice at supra-local/national level (finally supra-national one in the case of EU) in order to promote themselves as well as to articulate local potential with new emerging potentials and opportunities (and threats) at global level. Also development of an appropriate planning activity to better organize territory in which economic activities and sectors must be developed in order to promote local development appears as an important pre-condition. Here Spatial/Regional Planning becomes crucial element and key factor.

A lot of opportunities can come from outside, from externalities as well as cooperation initiatives and strategies. It does not mean, either, local development is only related with economic variables (e.g. those of relational nature between actors and institutions, trying to agree a common shared vision and the way to achieve it). Current liberalized free market economy, mainly supported by biggest financial institutions, represents a difficult environment that heavily menace actions and reactions from local levels. In such context, stronger institutionalization, as the return of States and new regionalisms (as is the case of EU and their public policies to be applied both at national as well as supra-local level) can help to face internal vulnerabilities (see Agnew, 2000; Amin, 2004; Amin & Thrift, 1994; Harrison, 2006, 2013; Macleod & Jones, 2007; Storper, 1997; Swyngedouw, 1997).

Again multi-level and horizontal coordination and cooperation, and participation (the three dimensions of territorial governance that relates with New Strategic Spatial Planning –see Farinós, 2009a–) appear as basic criteria for local territorial development. Spatial development is defined and delimited by present both social and power relationships, and existing negotiation and 'contractualisation' processes (seen from a deliberative perspective according with Habermas, 1984). Here one should face the challenge of combining spatial with regional planning; economy with territory and demography. An un-structured problem that still has

not had one clear solution but several ones showing diversity of approaches, styles and traditions in spatial development planning practices: from urban to regional, from regional to spatial (as in the case of European Regional Science Association –ERSA–, European Spatial Development Planning Network –ESDP–, European Council of Spatial Planners –ECTP– …), from space to territory, from single economy to regional economy, to international trade, to culture economy… to New Strategic Spatial Multi-level (from local to transnational) Multi-purpose (from Plan to Project) Planning.

This is the way (Local Territorial Development) to make localism possible –again– by overcoming some typical conflicts/dichotomies:

- winners versus losers (territorial unbalances inside a common space, not necessary hard-well defined –with clear borders–, but also soft spaces –with soft boundaries and variable geometries–),
- urban versus rural,
- 'personal use' versus 'production' (scale economies, local versus global market),
- growth and wealth versus sustainability and quality of life

Current financial-economic crisis is claiming for the return of:

a. Sovereignty: in fact shared sovereignties (maybe more correctly we should talk about 'powers') from local to EU level, sharing real common projects/strategies instead re-nationalization practices, by following as servants global financial powers, as well as
b. Real democracy: as the best way to control State apparatus (accountability principle) and to strongly ask for it in order to defend the vital functions of society.

Both constitute effective and necessary reaction against too exclusive orientation to growth, to international markets, to increasing privatization processes and to progressive reduction of public administrations (current trend to State's reduction looking for the minimum State). Development, do not forget, is very dependent on how consistent is its unavoidable political dimension; but also on to which extent local shareholders and stakeholders are able to organize themselves and lead their actions with enough degree of autonomy.

Government added value is not only related with the way in which it can deliver services of general interest, but mainly its capacity to promote cooperation among independent organizations that can became inter-dependent and develop new forms of governance (from local to supra-national level). National level is of nuclear importance in this new Network Government style, in which thinking politically space means to analyze and to understand desires, actions and strategies of all territorial actors. Economic growth and territorial integration implies not only the use of different kind of resources, physical and human ones, competitiveness networks… but also other immaterial ones defined only in an iterative way in each territory along time (Dematteis & Governa, 2005); as an *autopoietical social system* (Luhmann,

1987), a dynamic element result of action-communication dialogue among entities fixed over territories (Allen & other, 1998) (in Pfeilstetter, 2011).

The final goal for them is to achieve territorial cohesion, through exploitation of both endogenous as well as exogenous variables. Also it is, in fact, the main goal for EU project: sustainable, intelligent and balanced spatial/territorial development (at all levels) by rising on value productive differentiation processes in areas of geographical and political co-existence (as the EU is) through territorial cooperation. As officially and institutionally said in CEMAT Lisbon Declaration (2006:3):

> Networks, consisting of a number of nodes and their respective direct or indirect relations, are a fundamental element of contemporary societies and a crucial tool to the establishment of new bridges over Europe by supporting an enduring interdependence among different agents and territories.
>
> Every network node detains a limited number of resources and is dependent on the resources detained by other nodes. It is the quality of resources (namely people and organizations) of each node and the quality of interaction and of resources sharing that determines the role and efficiency of a network. (…) Constructing the future of Europe presumes the strengthening of interactions and interchanges at a regional, national and European level as well as with even more global territories having in consideration that dynamic networks requires external links to other networks and systems. It is necessary to devise and build networks as "bridges" for the sustainable spatial and socio-economic development of the European continent. Sustainable development is better achieved by boosting interactions among the different systems and strong networks may help to promote sustainability. (…) Networks are tools for better governance: sharing knowledge and best practices, benchmarking and collective constant learning, engagement, monitoring and accountability are a new way of promoting a competitive adaptation to the challenges of globalization and territorial cohesion.

4. From specific resources to territorial cooperation to achieve global integrated economic zones and for territorial cohesion

Originally, first attempts for local development were based on the traditional "bassin de vie" French concept, in which people live, produce and consume goods and services, locally produced and locally oriented. The philosopher's stone for economists (mainly regional economists) is how to overcome limits imposed by this small/detailed scale to achieve scale economies to be more competitive and to get over this gap in order to maintain advantages and revenues over time. As a result small becomes necessarily bigger and bigger, producing tensions between specificities and commodities (production systems are moving between Fordism and Taylorism), also between localism (new regionalism) and globalization. New global financier capitalism clearly asks and guides to the second, but people clearly needs the first one. Citizens are not a fully movable resource, nor can be understood simply in the short term, as immediate benefit that can quickly disappear after.

Despite all attempts the 'End of History' (Fukuyama, 1992) and 'World is flat' (Friedman, 2007) arguments are not unavoidable targets; mainly due people want to have a project of life for them and for their family, and even for their locality (land, country where to put down roots). If this argument seems kind of romantic, take into account this is the basis of the 'European Social Model' –ESM–. EMS is not only a differential element (uniqueness), but also a differential element that European should decidedly export in order to maintain their comparative advantages; for global win-win welfare, instead succumbing to extreme market alternatives proposed by capitalist rules. As Harvey pointed out, crisis is not exceptional but the usual character of capitalism; and in such moments translates its negative effects from old to other new gained territories.

This is the logic behind the Atlantic Chart, Washington Consensus, EU progressive enlargements and international Economic-Commercial Agreements. Simply and short: Chinese people will ask progressively for more social and labour rights (as before other Tigers and Dragons as Korea or Vietnam did). Despite 'stability' and 'certainty' are possible to achieve thanks to heavy political systems in new economic giants as China and Russia, finally they will have such better conditions and rights. But by now, because of their competition, it means German people (the strongest EU economy) have to reduce their social rights (Welfare State) and their salaries by working more ours for less revenue. If agree with this, follow this line… if not (and here the French –conservative and not– seem to be the most outstanding pupils), it is possible to think about alternative ways (probably "Third Way" is not the more appropriate way to name it due to its final results for progressive parties; Giddens & other, 2006).

Which kind? Last CEMAT paragraph reproduced between brackets in the previous heading is very explicit; but as usual only beautiful words without desired results (Alber & other, 2008; Bauman, 2004; Brandolini, 2007; Scharpf, 2010). Territorial Cooperation, Global Integrated Economic Zones (explicit objective in the ESDP document –EC, 1999–) and Territorial Cohesion are the three vertexes in this new magic triangle (similarly occurs to Economic-Social-Environmental dimensions for Spatial Sustainable Development). For this purpose starting point of departure are spatial own potentials (specific development factors –Dematteis & Governa, 2005–).

Biggest challenge, still at this moment –or even more at this moment–, is just how to find new intelligent and useful ways in which hopefully bridging between local spaces (localities, 'bassins de vie', local spaces… with their own landscape character that makes them unique areas) and the supra-national/global scale. Probably at this moment old receipts –as those of 1960s (scale economies, growth poles, industrialization by substituting importations, protectionism and so on)– must to be reinterpreted; as well as a new understanding of 'glocalization' (Robertson, 1992; Swyngedouw, 1997) is needed.

What it is at stake is if alternative ways for local and general development are possible (within a traditional perspective –capitalism– or outside it), and if it is possible to combine traditional strategies (even though revisited and adapted to the current new context) with very new and different ones. In other words,

if it is possible to be back to localism and to a new interpretation of economic regionalism (feasible and useful), or the only alternative for change is a more radical one (revolutionary changes). Incrementalism and progressive changes, as usual, seems to be easier and more comfortable; taking into account both forces (establishment) as well as fears. We can find examples of this in old as well as in new developing countries (mainly in South-America as said above). In any case, as Albrechts (2010) wrote some years ago for spatial development, "More of the same will be not enough".

How different and on what? How to re-interpret localism and regionalism in current new situation? We propose three main elements to be taken into account:

- respect to own character and features: differential character, culture economy and ownership, by jointing both material as well as symbolic dimensions of each territory;
- infrastructures and communication networks availability: as necessary condition to put in practice multi-scalarity; not only from theoretical and political-administrative point of view, but also as real condition in living world for citizens and their activities;
- new reinforced strategy for territorial cooperation in order to achieve a new intelligent and useful regionalism: more specially in the EU case, looking for such desired idea, objective and policy as Territorial Cohesion is.

From a local and regional development point of view –as Pike, Rodríguez-Pose & Tomaney (2006; 2007) pointed out– development opportunities coming from inside (bottom-up) can adopt several alternatives and specialization. Those are based not only on strategic/engine sectors but mainly on those on which localities and regions count upon competitive advantages (based both on material and non-material resources). In turn, they are not only referred or oriented to goods production but also, and more interesting, to services delivery; both production and public services (both for competitiveness but also, and mainly, general public interest services –economic and not–).

From a more traditional point of view (goods production and delivery) this book offers along its pages and chapters some interesting examples regarding for instance: tourism assets and values exploitation for local economies, immigration as process improving human capital diversity and knowledge as a way to enrich local assets, socio-institutional networks and regional policies on research and development as key factors for local economic development... Each time all of them are based on more clear participation and human capital involvement; in relation with the so called 'social innovation'. Notwithstanding the most interesting part of this social innovation refers to new activities, that are alternative to traditional ones but within the current market perspective: social services, social (communitarian, residential, solidarity…) economies. It was probably in this way Delors' White Paper was focusing on (EC, 1993). However neoliberal approach is quickly gaining positions –also in this field– trying to catch it for the traditional profit-oriented sectors (mainly health and education), as one can see even in EU documents

as EC (2013) and Horizon 2020. This is one of the most important threats social innovation must face to (Moulaert, 2010); specially when trying to achieve 'Europe 2020' strategy objectives.

Some legislative initiatives, both at national as well as EU level, seem to corroborate this argument. Ones relate with local administrations reform, trying to reduce and concentrate number of municipalities and their capabilities, instead following the way proposed in Barca's Report (2009) and subsequent ITI for the next Regional European Policy program period (see Mário Vale's chapter in this book), as well as the Community-Led Local Development approach (CLLD), initially focused to rural –LEADER– but after enlarged to urban areas –URBAN & EQUAL–. As it is the case at this moment in Spain, like three decades ago it was promoted in UK within Margaret Thatcher governments (despite Public Choice Theory born), and done also by other Member States as Greece. These measures are leading to achieve scale economies, power concentration and gaining necessary threshold in order to make easier externalization and privatization of such services. It makes easier to let them in private hands and business according with politics criteria.

Similarly other ones relate with free market and competitiveness inside EU space (the so called Anglo-Saxon idea of Europe, finally predominant after enlargement process), and consequent prohibition for public support for some specific national sectors and activities without European Commission permission (under the umbrella of contested Regional Policy). It is the case of German Lander contestation during Nice Treaty in 2000, but also of France and The Netherlands "No" to the EU Constitution (by then under preparation), even though it was a French (the former President Valery Giscard d'Estaing) who chaired committee leading to such ambition. Clearly it was the EU prohibition to French National Government economic support to social economy initiatives looking for spatial justice and territorial coherence, as well as the so called democratic deficit for EU first pillar policies, and criticized Commitology Committees, the reasons. In the case of the Netherlands there were some traditional policies, as among other social housing (Tasan-Kok & other, 2013), strategic from a national point of view, that would be affected by EU regulation. Too much net-contributing States to the EU budget in each program period want to hear.

Against this situation, that has progressively led to a more inter-governmental method instead the Community one (to more re-nationalization of EU policies and to 'less Europe'), we can found the strategic and positive idea of Territorial Cooperation for Territorial Cohesion. It applies not only at local or micro-scale level, but also at macro-level. At micro-scale more cooperation and more participation produce more dense networks. These help to increase territorial creativity and more enabling and relational governance, promoting in turn social innovation. According to Moulaert & other (2005) social innovation refers to re-creation of social relationships among individuals and community social groups, as well as to new governance practices associated to them.

New governance initiatives socially innovative at local level –in order to make feasible its development and progress– need to develop alliances and mul-

ti-scalar networks to join them to non-traditional local initiatives as well as to exogenous forces, in order to achieve desired local changes (Moulaert & Nussbaumer, 2008). This strategic coordination among public and private interests, among actions and strategies of private organizations and State administrations is possible through New Strategic Spatial Planning. Here, and despite steps done, the challenge is still being how to link economic/regional together with spatial development, as said above.

At meso and macro levels, cooperation represents the feasible way to achieve Territorial Cohesion (Faludi, 2010; Farinós 2009b). We argue Territorial Cooperation as better and positive concept than 'Territorial Integration'; however this is not the only point of view. European territory balanced development seems difficult to be achieved without Spatial Integration, but impossible without Territorial Cohesion. ESDP Noordwijk draft defined "Spatial Integration" as: "Opportunities –not defined which kind; so large range of issues possible– for and level of interaction within and between areas". Originally and still mainly predominant nowadays it was understood as economic integration (Single Market); afterwards "economic and social cohesion" (Maastricht Treaty); and finally it was enlarged to "social, economic and territorial cohesion" (Lisbon 2007 EU Treaty, entered in force since 2009; but not yet with a clear Territorial Cohesion definition –Farinós, 2009b–).

In a common understanding (Wikipedia) Territorial Cohesion "is intended to strengthen the European regions, promote territorial integration and produce coherence of EU policies so as to contribute to the sustainable development and global competitiveness of the EU". Since some years ago (first half of the 2000s) it seems more clearly EU tries to put in practice spatial development through territorial cohesion. Two are the main possible interpretations (focus) of territorial dimension of cohesion:

- as 'territorialization' of social cohesion (then 'social and territorial cohesion'), trying to translate it from individuals to territories (Davoudi, 2007a,b) –in fact a very conflictive argument itself–, in order to reduce unbalances and offer similar departure opportunities to people despite locations;
- as single and individualized third dimension for cohesion ('territorial') to be added to the two previous ones ('economic' and 'social'), as separate but related issues oriented to: 1) achieve EU spatial harmonized and integral development (economically competitive, socially just and environmentally sustainable); 2) all this by means of right use of (diverse) territorial local resources, by coordinating efforts among public administrations (at all levels), economic actors and civil society; in other words, by means of new good territorial governance practices (ESPON Project 2.3.2); 3) taking into account Territorial Cooperation is the best way to achieve Territorial Cohesion. Territorial Cooperation allows to maintain both solidarity among territories (Regional Policy) but also arguments for territorial competitiveness avoiding continuous dependence of public funding by following a bottom-up approach (if not possible alone… then looking for associations in order to define and agree common local/spatial development strategies).

Ratification of new Lisbon Treaty 2007 in 2009, including "economic, social and territorial cohesion" as first pillar policy, gives to Territorial Cohesion a regulative character at least in two important senses in order to:

a. provide goods and services (of general interest) and transfer health between territories and their citizens;
b. support new local spatial development strategies across Europe (as ITI and macro-regional spatial visions for Baltic and for Danube) by introducing a new perspective of spatial planning. These represent an attempt of coordination among all sectoral policies with territorial impact, instead simply sectoral confronting social (re-distribution) criteria with economic (competitiveness) one. In fact a more complex, comprehensive and integrated approach (Farinós, 2008).

De Boe & other (1999, 7) interestingly underline there are several understandings on integration concept: as coherence, concurrence, coordination of territorial impacts/effects between sectoral policies with territorial impacts and different stakeholders involved in common projects on a given territory; as well as a mean to identifying functional territorial units as efficient space to live and work. Especially the two last enhance spatial dimension of integration, complementing the previous economic predominant one. In this way spatial integration can be understood as crucial aspect for European spatial planning and spatial sustainable development through territorial place-based spatial visions (or sustainable development strategies; from local, place-based, to trans-national level). This interpretation is similar to those given by Böhme, Doucet & other (2010: 9) to "Territorial Integration". In this new idea of territorial integration (related with the more traditional one of functional areas) several processes of territorial grouping of functional or homogeneous areas are included. They can be defined according to several criteria: obliged mobility, voluntary agreements to define common local strategies (cross-border and not)... In all cases they directly link with Territorial Cohesion –through Territorial Cooperation–, polycentrism and urban rural partnerships.

Explicit references to 'functional regions' have been made in EU documents and proposed regulations for the next EU financial framework for 2014-2020 period. Document entitled *How to Strengthen the Territorial Dimension of 'Europe 2020' and the EU Cohesion Policy* relates functional regions with: enlargement of local job markets, achievement of critical mass through territorial cooperation, accessibility to growth poles and secondary regional centres, public transport connections to regional centres, and compact cities (sustainable cities). In turn, document entitled *Effective Instruments Supporting Territorial Development. Strengthening Urban Dimension and Local Development within Cohesion Policy* (MRD, 2011), closely relates strengthening of urban-rural relationships with: development of the entrepreneurial capacity, enhancement of human and social capital, enhancement of social services, enhancement of linkages with urban areas, the increase of the residential and economical attractiveness of rural areas. In turn, OECD (2011) underlines five fields for urban-rural partnerships: exchanges

of services and public goods (both in urban and rural areas by both urban and rural users); exchanges of goods (also in both senses from rural to urban and vice versa); exchanges of financial resources; infrastructure (transport, facilities, ICT…) connecting urban and rural areas; mobility (commuting and migrations).

A key issue for territorial integration is to achieve an appropriate balance between spatial/territorial equity and diversity. This issue strongly relates with a crucial question as appropriate balance between enlargement and cooperation with neighbourhood regions and States and internal stronger cohesion inside EU borders is (Duhr & other, 2010). Flows between places are not enough to ensure spatial integration, but also "willingness to co-operate" is required. This cooperation willingness can occur from local (place-based) to trans-national levels, and it opens new perspectives for future European Regional Policy (2014+); as well as for new fuzzy boundaries areas (variable geometries) to which new spatial visions can be developed (Allmendinger & Haughton, 2009; Faludi, 2010; Haughton & other, 2010).

> Soft spaces represent a deliberate attempt to insert new opportunities for creative thinking, particularly in areas where public engagement and cross-sectoral consultation has seen entrenched oppositional forces either slowing down or freezing out most forms of new development. Soft spaces often seem to be defined in ways that are deliberately fluid and fuzzy in a sense that they can be amended and shaped easily to reflect different interests and challenges (Haughton & other, 2010, 52).

In fact, anything new but old challenges revisited: How to adapt space and territory, functional-real versus administrative units (to new variable geometries), vector/fluxes versus surface/plain space, space and place (two each time more nearby concepts), emergence and prevalence of sub-regional/supra-local instead local (LAU2) scale for planning (e.g. re-emergence of metropolitan areas as planning units), etc. How to apply and make effective putting theory in practice seems to be behind this revisited idea of 'soft spaces' and 'soft planning for soft spaces'. In this context new governance routines and new practices are emerging, as well as new pieces of legislation and instruments, more oriented, as it seems, to Strategic Spatial Planning.

This renewed Strategic Spatial Planning can be considered as preliminary manifestation of democratic governance and a socio-territorial innovation for this new soft planning (see Albrechts, 2010; Farinós, 2010; Pascual, 2011); leading for a renewed smart local spatial development by combining the three dimensions: competitiveness with spatial justice and sustainability. There must be necessarily hierarchical relations between them or it is possible to achieve an intermediate way? If so, in order to secure balanced spatial development one should combine territorial cooperation (through networks and partnerships promotion) together with better coherence among policies with territorial impact (coordination). This option seems to be the natural output of the process of integration of the two objectives (competitiveness and balance) and the two more solid spatial planning traditions: regional economic development (looking for spatial justice) and integrated/comprehensive (looking for bottom-up spatial development in a very well

structured multi-level system). The first one tries to adapt places to policies (closer to globalization view); the second one pays more attention to strengths of each territory and to a better accommodation of instruments of policies to them (closer to localism, place based, focusing more on localization and territories' self-character, singular culture-economy, and local growth-employment-competitiveness).

5. Final remarks

What local scale can not to do (alone)? What is not allowed to do (even in cooperation, together with other)? What about real possibilities for a new production system model (if really new, or simply revisited trying to negotiate with establishment)? Should changes be oriented to maintain the same order –as usually–; or face the risk to stay and reproduce again all is already known?

Not local strategies without combining internal with external diagnostic, not without territorial co-operation strategies, not possible without territorial cohesion in mind. Here a new proposed understanding for development: not as simple modernization, but linking it with quality of life and rights, leading to a new understanding of dignity life for each community, re-negotiated according each community consider essential to achieve it.

As said, three elements can give place and open opportunities for progressive modest innovations regarding Welfare State, *SumakKawsay* (living-better), Social Innovation, Social-Residential-Solidary (local) Economies, and new alternative development processes: a) new localism, b) how to link economic/regional with spatial/territorial sustainable development (putting territory/space into the political agenda from local to EU level), and c) smart Territorial Cooperation for Territorial Cohesion as revisited/updated economic Regionalism inside European Union.

At this moment we are fully hided by the neo-liberal and free market single thought, a situation and trend that decidedly started at the beginning of the 1990s, coincident with the third and final crisis of welfare state and the consequent failure of Social-Democracy parties. Doubts about the so called 'Third Way' as well as situation and alternatives described above in this chapter seem to lead to a final conclusion:

- Politically progressive alternatives should take into account these possibilities of new local development bottom-up, participated and really democratic, but …
- In order to overcome limitations of such localism and not to stop progress, it is necessary to combine the local with supra-local, more in concrete supra-national, within the EU context; by enforcing Economic Global Zones configuration, based on endogenous character and combining complementary and/or synergic potentials (despite present barriers and menaces –Radaelli, 2000; 2006–).
- Looking to reinforce original European Social Model (Faludi, 2007) as feasible and desirable model for the rest of the world; instead to erode it losing EU competitive advantages that make it attractive, desired and imitated (because our quality of live); instead progressively losing own condi-

tions and to be obliged to compete through more common advantages (of 'inferior order' according with Porter's terminology) for which other less developed countries (that look to us as desired reference and place to go to live) are in better condition because they can found them easily. Instead look for the EU social model in the EU territory, these other states should develop it at home, contributing in turn in this way to maintain such EU social model not only as reference at international scale, but also allowing it to remain at EU level (contrary to more frequent current menaces in some significant cases as Sweden and the Netherlands).

- Trying to build a common shared idea and objective of a renewed European Union project, making easier to understand and apply European policies across Member States, from national to regional and local levels.
- The assumed hypothesis is: reducing misunderstandings and conflictive interpretations on spatial concepts, trends, menaces and the way to address them in an harmonized way (but with respect to diversity) will improve positive effects of (EU and national) public policies (by relaxing entry barriers –e.g. too NW oriented in view of Southern and other cohesion countries–). In this way one contributes to the main objective of European Territorial Cohesion, as the key point/goal for European Union project.

Two main issues referred to this action of the EU (in relation with regional development and spatial planning perspectives) are: 1) to understand how the EU can became white and clear reference for Member States when they are defining their spatial planning and development policies (e.g. their National Strategic Reference Frameworks or National Plans on Infrastructures, Landscape, Sustainable Development, Spatial Planning…); 2) how member States (diverse and quite different) are doing in order to adapt their own practices towards the European policies.

These issues correspond respectively to two basic questions: 1) to what extend EU has real multi-level capacity to give an orientation to national policies (or even to regional and local ones) in the field of Sustainable Spatial Development and Territorial Cohesion in order to achieve a better development across Europe; and 2) to what extend actors at national or even at infra-national level have taken in their agenda European objectives, criteria and routines, and how do they put them into practice and which kind of changes on governance practices can be observed.

First one tends to emphasize Europeanization of policies with spatial effects and their coordination, looking for coherence as criteria and territorial cohesion as objective. In this sense European institutions –and particularly the European Commission and Community Method– are shaping actors' minds (Faludi, 2010). Such actors –at infra-European level– are gradually integrating in their thinking, approaches, policies and way of acting, guidelines produced at European level. Complementary, for the second one, some specialists are interested by the way in which infra-European actors are using these guidelines and are adapting them to their own context (geographic, institutional, social, economic…); even if they are trying to influence the shaping of European Policy in the field of planning according to their own background (Hassentuefel & Surel, 2000).

Dealing with space and place requires tailor made informal rather than formal approaches, by respecting diversity of stakeholders are living in and make use of such places. New activity patterns overflow traditional spaces, defining new ones that seemingly require new territorial realignments. That represents a new opportunity to look (through cooperation) for more smart and shared/distributed/specialized strategies for territorial cohesion; at all levels: EU, national, regional and local levels. It represents an smart alternative both for competitiveness as well as welfare and quality of life; that is, not only for economics but also for people (citizens) in a sustainable (environmental friendly) way. Sustainability is considered in this case in a broad sense (not only 'green'), as manifestation of main goal of good quality of life, that citizens living in very old and domesticated territories (as EU is) are asking for, claiming for substantive re-generation. If we fail in this purpose alternatives seem really worse: poverty, coercion, dispute and (structural) violence, rights' loss and a progressively more unpleasant world (Habermas & other, 2011). What do we prefer? Star Wars and The Lord of Rings' story lines as background; empires against people… again! Looking for a new relationship between Economics and Human Dignity (as well as a new '*globalized age of resistance*', Sharzer, 2013) seems a right alternative for the future.

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2 Economic crisis and the Southern European regions: towards alternative territorial development policies

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Introduction

The European crisis has been affecting the Southern European countries, particularly Greece, Portugal, Spain, Italy and very recently Cyprus. Two of these countries –Greece and Portugal– and Ireland were unable to repay or refinancing their government debts and officially applied for bailout loans to the International Monetary Fund, European Union and European Central Bank (troika), though subject to the enforcement of harsh Structural Adjustment Programs.

The factors underpinning the crisis are worth to be discussed since the policy solutions to overcome it focusing budgetary cuts and income tax increases with debatable results may lead to a fracture in the Eurozone. Negative economic growth, high unemployment (particularly among younger people) and finally the inability to control the budget deficit in bailout countries, despite budget cuts and steep rise in taxes, show that adjustments programs are not delivering the expected results and that is needed other EU coordinated policy response to the problem.

It is in this unique context that the discussion of the next Structural Funds programming cycle (2014-2020) takes place. Although the impact of the economic crisis at regional level is yet to be fully known, the new European regional policy guidelines seem to ignore the current state of the regional economies on these countries, since concerns with structural change of regional economies are absent of the new regional development policy orientations in Europe. This chapter intends on the one hand to critically discuss how the new regional devel-

opment approach aims at responding to the distressed peripheral regions and on the other to provide some alternative territorial policy guidelines more suitable for these regions.

The organization of the chapter is the following one. The first section intends to shed some light on the factors underpinning the economic crisis in the European periphery, comparing different explanations for this problem. The following session offers a brief account of the regional impacts of the crisis in the European periphery, framed by the issue of rebalancing regional economic development. The third section discusses the new regional policy framework in Europe and the ability of such a policy framework to deliver growth and employment in the peripheral regions, especially on those more affected by public sector cuts and rising unemployment. On the final section of the chapter some alternative economic development guidelines are debated aiming at promoting economic and social development in the European peripheral regions.

Economic crisis in the European periphery

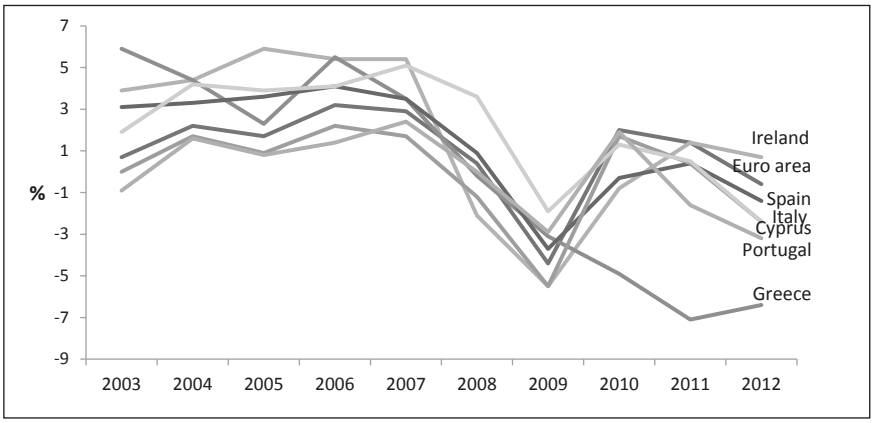
The beginning of the Euro was a major achievement for the European Union. In 1999 all member countries, except United Kingdom and Denmark, joined the European Monetary Union and in 2002 the Euro currency began to circulate in Europe. The benefits of the Euro in the European economy have been disputed, however. On the aftermath of the 2007 US financial crisis, fuelled up by the subprime mortgage crisis, European peripheral countries faced economic slowdown and unemployment increase. Unable to obtain credit at low rates due to poor economic perspectives and high debt burden, and incapable of devaluate the exchange currency, a typical solution for structural adjustment before the creation of the Euro, these countries had no solution in the short run except imposing budgetary cuts and tax rises to rebalance the economy.

The real GDP growth rate illustrates a sharp decrease after 2007 in Greece, Ireland, Portugal, Spain, Italy and Cyprus (GIPSIC) (Figure 1). At the same time, unemployment rose to unprecedented levels (Figure 2), affecting in a very strong way the young population (15-24 age group), reaching more than 55% in Greece and Spain and not far from 40% in Italy and Portugal by the end of 2012.

The factors underpinning the economic crisis in these countries are controversial, reflecting different political perspectives if not ideologies. Recurrently, the excessive public expenditure is pointed out as an important factor of budgetary unbalances. However, social expenditures in these countries were below the EU average and well below of those in some developed countries, like Germany or France, not to mention Sweden (Figure 3). Only after the economic crisis, social expenditures rose due to shrinking GDP and rising unemployment benefits.

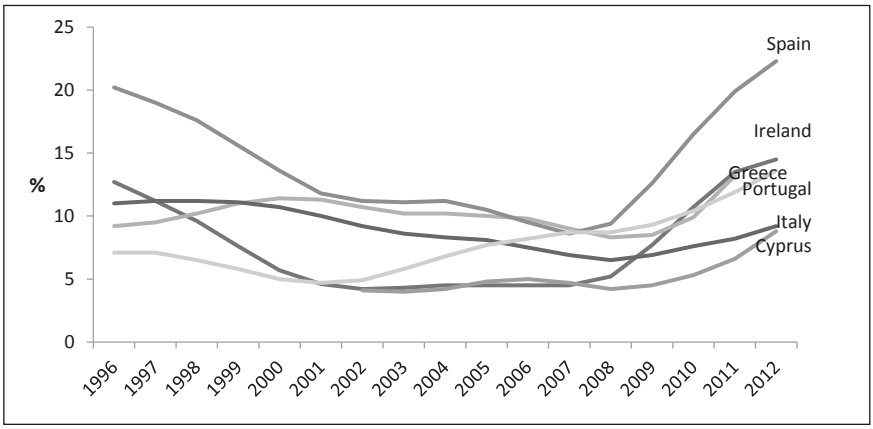
Other typical explanation for the economic crisis is the excessive deficits of these countries. A closer examination provides an interesting conclusion: the GIPSIC countries have been running smaller deficits than their counter-parts elsewhere in Europe until the crisis (Figure 4). In fact, Ireland and Spain were

Figure 1. Real GDP growth rate in GIPSIC countries, 2003-2012



Source: Eurostat.

Figure 2. Unemployment rate (3 year average) in GIPSIC countries, 1996-2012

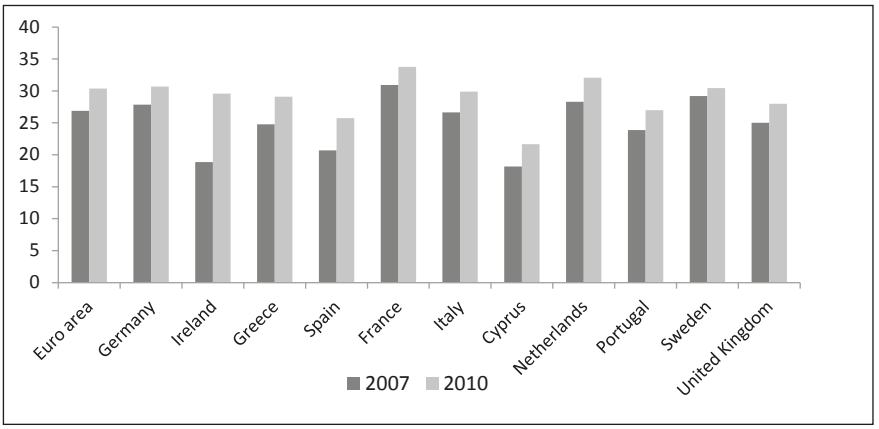


Source: Eurostat.

considered successful cases in rebalancing the budget and Italy performed relatively well too. The same doesn't apply to Greece and Portugal, whose budget deficits were consistently above 3% per year. It is clear that one cannot explain the economic crisis on these countries based on purely budgetary issues. Only in post-2007 crisis, GIPSIC incurred in higher fiscal deficits.

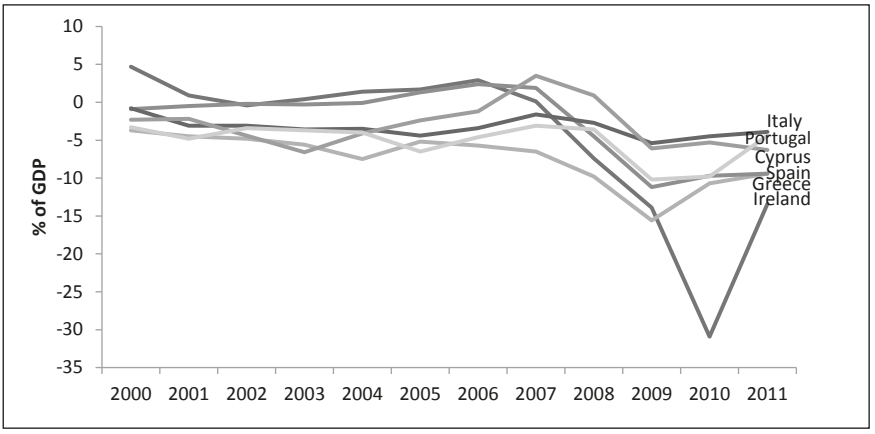
The poor performance of tradable economic sector and persistent account balance deficits are a more plausible explanation for the economic crisis in the Southern European periphery. According to Paul Krugman (2013) "What we're basi-

Figure 3. Expenditures on social protection (% of GDP)) in European countries, in 2007 and 2010



Source: Eurostat.

Figure 4. General government deficit (-) and surplus in GIPSIC, 2000-2011

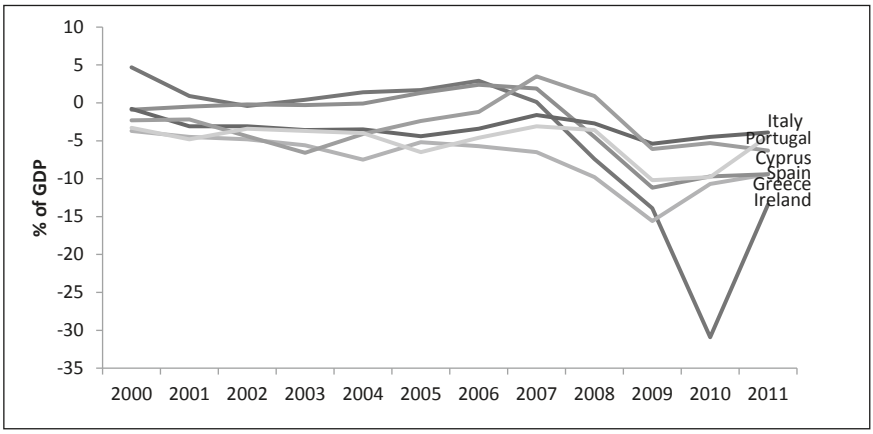


Source: Eurostat.

cally looking at, then, is a balance of payments problem, in which capital flooded south after the creation of the euro, leading to overvaluation in southern Europe. It's not a perfect fit — Italy managed to have relatively high inflation without large trade deficits. But it's the main way you should think about where we are".

Figure 5 illustrates the real problem of GIPSIC economies –the trade deficit during the 2000 decade. Since the introduction of the Euro currency and most

Figure 5. Current account balance in GIPSIC, 2000-2011



Source: Eurostat.

clearly after 2003 the economies of these countries lost competitiveness and trade unbalances reached a peak in 2007 /2008, with deficit circa -10% or more in Greece, Cyprus, Portugal and Spain. Although the problem has not been so dramatic in Italy and Ireland, it should be noticed that they registered annual deficits in more than half of the 2000s. Overall, the Euro overvaluation jeopardized economic competitiveness in these countries, particularly affecting low intensive technology sectors, which have been facing strong competition from developing countries. The unprecedented unemployment rates rising are an obvious outcome of such problem.

Access to cheap credit by public and private sectors masked the competitiveness fragilities and the Euro overvaluation problem, allowing for artificial high consumption levels and for untradeable sector growth (housing and tourism). The international financial crisis in 2007 has put a brake on this strategy and GIPSIC need to be bailed out or went on massive banking restructuring processes.

According to Krugman (2013), the false diagnoses of the economic situation on the European periphery lead to wrong policies of austerity and to a welfare state slash. Thus, competitiveness problems have not been addressed, which may result on a frustrating structural adjustment process in GIPSIC. As the author refers "you can slash the welfare state all you want (and the right wants to slash it down to bathtub-drowning size), but this has very little to do with export competitiveness. You can pursue crippling fiscal austerity, but this improves the external balance only by driving down the economy and hence import demand, with maybe, maybe, a gradual 'internal devaluation' caused by high unemployment". The author advocates a European reflation to put back on track GIPSIC (or GIPSI) European countries.

Crisis and the European peripheral regions: the rebalancing discourse and reality

On a previous paper, Vale (2011b) discussed the issue of rebalancing in relation to the recent economic crisis in Portugal. The international dimension of the economic crisis is beyond dispute. The peripheral countries in Europe are more vulnerable and it has been difficult to find the way out of the crisis through austerity measures adopted by centre-right wing political parties. The adjustment processes that followed aimed at a more balanced nature of national economies. In the political discourse, rebalancing relates mostly to debt, public expenditure and trade balance (underperforming export sector), disregarding other elements of it, such as public and private, regional and sectoral disparities (Froud *et al.* 2011). In any case, financial problems and subsequent state rationalization and public investment cuts hinder a more rebalanced economic growth (Vale, 2011b).

Besides the question on "what is to be rebalanced and how?" there is a second question on "the when…", which brings up the issue of the rebalancing discourse and the old question of regional unbalances (Froud *et al.*, 2011). As pointed out by several authors, regional disparities on economic and social conditions are persistent and a concern for almost every State in Europe since the 1970s, and virtually in every European country after EU regional development policy supported by ERDF (Pike *et al.* 2011). Thus, rebalancing discussion re-emerged in a particular economic and political moment, namely the post-2007 crisis, when some European peripheral economies faced the risk of default (Vale, 2011b).

The debt crisis in the Eurozone reflects the uneven geographical development processes, a key feature of the European integration (Hadjimichalis, 2011). Structural Funds and regional development tools boosted growth and regional convergence until mid-1990s, but the regional convergence trend stopped and regional disparities have been growing since the introduction of the Euro. Greece, Spain, and Portugal clearly illustrate the mounting regional unbalances.

Regarding the Spanish and the Portuguese cases, it is possible to analyze the impact of the crisis in the regional economy for the period 2007-2010. Put it bluntly, the crisis hit every region in Iberian Peninsula, most intensively the ones dependent on tourism and housing development, such as Algarve in Portugal or Mallorca in Spain. Among the metropolitan areas, Madrid suffered a strong decrease on the GDP per inhabitant (minus 8 points in percentage of the EU average) between 2009 and 2010, whereas Barcelona and Seville dropped 4 points and Lisbon also fell by 3 points in the same period (Eurostat).

A recent analysis on the geography of the crisis in Spain by Méndez (2013) concluded that two economic crises were in operation, the "first" one caused by the financial sector collapse and the real estate burst in 2006-2009 and the "second" one by the austerity measures adopted by the Spanish government in 2009-2012, resulting in somehow contrasting outcomes among the Spanish cities. Overall the unemployment grew tremendously (140% from 2006 to 2012 at national level) but with marked spatial contrasts. In fact, touristic cities in the Mediterranean coast and certain suburban areas in large cities with high share of employment in

construction and consumer services, unskilled and low educational level, with a significant presence of immigrants and low-income levels, have known a negative development in the "first" crisis (Méndez, 2013). On the contrary, the author found out that cities in the Atlantic region and high valuable urban areas in larger cities as well as administrative capitals, with more diversified economies, composed by manufacturing, business services and public services employing skilled labour, suffered less with the "first" crisis. Nonetheless, the austerity fiscal measures and the budget cuts implemented by the national government causing the destruction of public employment were the main factors of the consumption drop ("second" crisis), which has been affecting mostly those cities that were hit less intensively by the "first" crisis.

Using a different methodology, Ferrão (2013) concludes for the Portuguese case that areas with a strong dependency on the real estate and tourism activities, such as Algarve, have been severely affected by the economic crisis. On the contrary, urban areas along the coast North of Lisbon with a diversified economic basis and export-oriented to markets not affected by or modestly suffering with the crisis have been able to perform better than the national average.

Controversial bailout plans were put forward in the case of Greece, Ireland and Portugal, and finally in Spain and Italy, although no coherent rescue plan was put forward in these two countries, by a "Troika" formed by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF). The bailout plans aiming at the reducing of the budgetary deficit through cuts on public expenditure, tax increases and the reduction of labour costs. These austerity measures are not temporary and endanger the economic and social development of Southern European regions. On the one hand, economic downturn has generated a considerable unemployment growth and outmigration flows especially in poorest regions and on other hand economic policy to achieve growth has been and is likely to concentrate on export sectors, thereby widening the gap between regions and cities.

European Structural Funds and public investment have counteracted the spatial concentration trend with limited success. Unable to deliver a more balanced growth across European regions and cities, Structural Funds have been changing the focus of the regional intervention, from reducing regional inequalities to promote regional growth through smart, inclusive and sustainable growth in Europe.

A new regional policy in Europe?

Until the 1980s, regional policy focused on the disadvantaged regions and regional economic development aimed at tackling the decline of such regions. The typical guidelines to achieve that goal evolved around policy initiatives like attracting new industries, manufacturing relocation to less-favoured regions, and infrastructure development. However, since the mid-1990s the focus shifted towards enabling the growth conditions and supporting local agents to promote economic development (Cochrane, 2011). Later, economic development policies focus on competitiveness which has been enhanced by OECD, World Bank, EU, ..., and be-

came –*a la Galbraith*– the "new conventional wisdom" (Buck *et al.*, 2005). New policy axes have been designed, stressing (neoliberal) inter-regional competition for investment attraction, knowledge economy and innovation and skilled, flexible and creative human resources.

These policy goals are linked with the process of globalization and the formation of global production networks and the increasing role of large metropolitan areas in the global economy. In a world of networks, regions' success depend on the ability to link these networks with the regional assets –a processed labelled "strategic coupling" by Coe *et al.* (2004)–, aiming to create, spread and capture regional value. This process is by nature multi-scalar, in that it is mediated by institutions and actions at different, but interrelated, geographical scales. According to Brenner (1999), new configurations of territoriality at both supra and sub national geographical scales levels are being produced, but the State doesn't lose its relevance nor its social power, what is not always acknowledged by many scholars. Thus, the pertinence of a regional based intervention is still needed, though not necessarily delimited by administrative boundaries. The "unbounded" region seems to be a more adequate spatial locus for economic development policy delivery (Amin, 2004; Pike, 2007). Accordingly, "city-region", "functional urban regions" and other spatial ensembles gain prominence as a recipient of development policies.

Regional convergence is not the ultimate goal of regional and cohesion policy of the EU. It advocates the need to adapt interventions and economic institutions to local conditions. Thus, the nature of interventions to support cohesion in the EU is necessarily different according to the type of region (e.g. central metropolitan areas distinct from peripheral regions). The effect of the new policy orientations on the European Cohesion policy is evident. At the present, cohesion policy incorporates the imperative goals of competitiveness and growth of regional economies in Europe. In that sense, the BARCA report highlighted the need for a place-based approach on the socio-economic development in Europe (Barca, 2009), outlining a set of policy guidelines to the European regions according to its proximity to the European core, in which the core regions and adjacent ones and also other regions on the technological frontier are best suited to develop innovative and high-value economic activities. On the contrary, lagging regions should concentrate on low-added value activities and services provision to local population (Vale, 2011a). This "winning regions" policy forgets other regions and constraints their participation in the knowledge economy (Asheim *et al.* 2007). Least developed regions have available resources and capabilities useful to economic development through adequate policy action, demanding for specific innovation policies, which may include the adoption of technologies from elsewhere (Lagendijk, 1999). In a nutshell, "… knowledge base, firms' networks and institutions are the starting point to design an adequate and consistent regional innovation strategy and policy" (Vale, 2011a, p. 420).

As pointed out by several authors (Cooke, 1992; Cooke and Morgan, 1998), the regional innovation systems (RIS) approach has been the benchmark for innovation at regional level, incorporating also the cluster approach. These perspectives have been very influential in the policy design of prominent organizations such as OECD and the European Commission.

At the EU level, the RIS approach focuses on knowledge transfer between university and firms, intellectual property rights, training, partnerships, funding mechanisms and coordination institutions. According to Seravalli (2009), the territorial dimension of the innovation policy occurred at the same time of the regionalization process in Europe, relating innovation dynamics and collective learning with local institutions. The institutional capacity of regions is seen as a critical element on regional innovation strategies to promote growth and job creation, mainly because regional institutions amplify the exchange and exploitation of different kinds of knowledge in the region. The literature on the role of institutions and localized innovation dynamics has been studied by scholars from different disciplines and theoretical backgrounds since the late 1970's (Moulaert and Sekia, 2003). In general, they tend to agree on the specific territorial conditions that stimulate knowledge generation and diffusion in the region, particularly local institutions and networks of local firms, universities and other actors can make a difference (Vale, 2011a).

The Europe2020 priorities encapsulate the localized knowledge and innovation dynamics in the smart growth policy orientation, advocating the development of an economy based on knowledge and innovation (European Commission, 2010a, 2010b). The smart specialization concept is a response to the challenges of innovation policy and regional development. McCann and Ortega-Argilés (2013) argue that smart specialization combine both competitiveness and cohesion goals, enabling the design of appropriate innovation policy-making in accordance with the evolutionary nature of regional economies. Following the authors, the use of the smart specialization concept in regional policy intends to reinforce territorial knowledge dynamics and learning in the very same way as the place-based approach in the regional development policy, employing specific designed tools to enhance growth in the region. In essence, as regions are very different in terms of economic specialization –see the typology by Tödtling and Trippl (2005)–, a specific policy tool is needed for each region, aiming at the thematic prioritisation and concentration and the strategic and specialised diversification, filling-in the gaps of the economic structure and operating in a more results-oriented policy-making environment (McCann and Ortega-Argilés (2013). Such endeavour require a strong participation of the local actors in the construction of collective visions of the region's future articulated with past development stories, strengths, skills and institutions.

These topics are discussed in the next section, aiming at shed some light on the relation between smart growth, innovation, economic development and the European peripheral regions.

Crisis and regional policy: limits of public intervention in the Southern European regions

The economic crisis of Southern European regions needs to be contextualized in the crisis of the Eurozone, since the causes of such crisis are deeply rooted in the European core and peripheral regions divide. A recent work by Rodrigues and Reis (2012) debates the asymmetries and fractures of the European core and periphery,

arguing that they are made more visible since the adoption of the Euro currency and the implementation of a neoliberal agenda, in many cases propelled by international organizations and right wing political parties. In fact, the structural adjustment processes underway shape territorial development and are incapable to deliver social development and well-being.

In such a conundrum, Rodrigues and Reis (2012) devise preliminary ways out of the crisis of the European periphery. A radical solution relies on the exit from Euro, breaking away from the European integration political project. Critical and radical social scientists and policy-makers have advocated this political answer. A moderate alternative revolves around a more regulated European financial system, possibly in the aftermath of a further European integration round. Yet other policy-makers and academics also support a stronger State intervention, backing the revival of Keynesian economic policies within a more regulated Europe, a political option until now at bay in the European politics arena.

At national level, the austerity measures enforced by the structural adjustment programs in the European periphery following neoliberal economic principles destroy the productive fabric and generate more social and spatial inequalities. Rodrigues and Reis (2012) refer a possible way out of the crisis in the European periphery based on a strategy of democratic auditing of the debt followed by a debtor-led restructuring, representing in their own words "…some of the few weapons that a rebellious periphery could use in a confrontation with an unsustainable and asymmetrical European project" (p. 202).

In the economic crisis context and without profound political changes at the European level, regional policy can only hardly contribute to the growth of European peripheral regions. The policy tools and the funding amounts involved in the Cohesion policy are insufficient to deal with a problem of this magnitude in the Southern peripheral countries. The attractiveness of the smart specialization concept also raises many questions, beginning with the assumption of differentiated roles of European regions in the knowledge economy. Although smart specialization purpose is to avoid "one-size fits all" policy approaches and policy circulation tendencies among regional authorities, such approach institutionalize an European divide, assuming that core regions will grow faster than peripheral regions. The former ones should support intensive knowledge activities, while the later ones should focus on innovation of traditional low and medium technological industries. Even if it makes economic sense, this approach is politically untenable in the European Union in the long run, because every country and nationality aspires to reach development of economic sectors that will generate more wealth and employment in the future.

Finally, as mentioned above, the crisis in the Eurozone reflects the uneven geographical development processes enveloped by the neoliberal urban and regional development discourse, highlighting the benefits of technological innovation and pointing out successful regions ("winning regions"). Hadjimichalis (2011) criticize the de-politicized regional theory that overlooks central questions of social and spatial justice. In the vein of Hadjimichalis and Hudson (2013), we agree that a paradigm shift in regional development theory and policy is needed, aiming at understanding the crisis prone capitalism system and to contribute to more inclu-

sive regional changing processes across and within European regions. To achieve these goals, new politics and new theories and policies are necessary to unblock growth in the European Southern periphery.

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3 Valencia industrial districts facing the economic crisis: is reindustrialization possible?

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Introduction

The Valencian Community has traditionally been characterized by a strong regional imbalance, whose most striking manifestation is the dichotomy between the urbanized and densely populated coastal areas, and the agriculturally poor, rural and thinly populated inland areas. The recent process of tertiarization and tourist development has sharpened this "inland-coastal" contrast that generates negative dynamics in both areas (Burriel and Salom, 2001: 115-117). However, this contrasting dual territorial model is blurred in the southern half of the region because of a network of small and medium sized cities (Ontinyent, Alcoy, Ibi, Elche, Elda, Petrer or Villena) originally associated with the development of a traditional industry of consumer goods, based on indigenous entrepreneurship, the existence of local resources and a strong tradition of craftsmanship, according to the model known as "endogenous industrialization" (Vázquez Barquero, 1988). These areas have been labelled "local productive systems", "districts" or industrial "clusters" (Ybarra, 1991; Soler, 2000) because of the important role played by inter-firm relationships and socio-institutional context; historically, they have shown more innovative behaviour than expected, considering they are dominated by small and medium enterprises in traditional sectors (Salom et al., 1999).

Historically, the positive dynamics of these local production systems has contributed significantly to the attenuation of regional imbalances. In the last quarter of the 20th century, wealth inequality from a regional perspective decreased: the coefficient of variation of per capita income fell from 0.14 to 0.09 between 1975 and 1998, and the Gini index of regional income in relation to population also fell

from 0.07 to 0.05 (Salom, Albertos and Pitarch, 2001: 169). This decline was possible because, at least until the beginning of the 21st century –in the period of economic crisis between 1975 and 1983, and in the subsequent restructuring and growth stage of 1983-1998– those areas were able to resist concentration tendencies towards the Valencia Metropolitan Area and the coastal touristic area. Between 1975 and 1983 the share of the regional income attributable to the industrial inland areas increased from 16.7% to 17.9%, while the relative economic weight of urban areas reduced. Moreover, after the subsequent period of restructuring and growth (1983-1998), and despite the expansion of the ceramic area of la Plana-l'Alcalatén and the second ring of the Valencia Metropolitan Area, the southern inland industrial districts still accounted for 16% of the regional income (Salom, Albertos and Pitarch, 2001:160). This good performance largely stemmed from a strong growth in industrial investment in these districts, whose share in the total region increased over this period (from 15.5% in 1989-92 to 20.1% in 1995-1998), supported by an effective regional policy focused on promoting innovation in traditional industrial sectors (Salom and Albertos, 1995).

Moreover, manufacturing, and particularly its export capacity, has historically played the role of growth engine, especially in finding a way out of the successive crises that have affected the region. That was the solution to the crisis in the first half of the 1990s. After the significant negative impact suffered by industrial exports in 1992, the 1993-1996 period was characterized by a very substantial export growth (11.3% annually), when the regional GDP remained virtually stagnant (0.4% annually); industrial exports have certainly been a key element in overcoming crises in the past.

Since then there have been major economic transformations that have had a different territorial impact. In particular, 2006 saw the beginning of what is probably the deepest economic crisis in recent history in Spain, which accelerated from 2008 onwards, reaching the current phase of economic recession. In this context, the Valencia region shows a specific dynamic within Spain, characterized by higher sensitivity to the economic cycle and a sharp collapse of the main economic indicators. This negative differential has gradually become more acute, particularly since 2008. The annual decline in GDP during the 2008-2011 period was -2.07% for the region, compared to -1.05% for the national average. Consequently, in 2011 the regional GDP per capita stood well below the national average (€20,583, compared with €23,271 for the whole of Spain), and just ahead of Ceuta, the Canary Islands, Murcia, Castilla-La Mancha, Melilla, Andalusia and Extremadura. In 2009 Valencia was the region, after Murcia, showing the highest corporate mortality rate (10.8% versus 2.1% for the national average) and the lowest net rate of births/deaths of enterprises (-2.96% versus -2.09% for the national average). This loss of economic activity has resulted in high levels of unemployment: from being below the national average in 2005 (8.4%), it then surpassed it (24.6% compared with 21.8% for the whole of Spain in 2011). Data from the first quarter of 2012 again show that the Valencian Community, along with Andalusia and Catalonia, has experienced the largest decreases in employment and largest increases in unemployment (INE, *Economically Active Population Survey*).

In this context, given the collapse of the sectors that have marked the economic dynamics in recent years, it raises the possibility that the manufacturing sector could be, following past experiences, a key positive factor in the recovery. However, while the higher impact of the crisis in the region has been attributed to the weight of the tourism sector and the disproportionate scale of construction, manufacturing industry has also experienced a major setback. Therefore, the present industrial crisis may have had a significant impact on local production systems in the inland districts of the Valencia region, limiting the chances of recovery there.

The aim of this paper is to analyze the impact of the present economic crisis on different areas of the region and, in particular, on the inland industrial districts, in order to estimate their potential contribution to economic recovery and the achievement of a more balanced territorial model. We will analyze the trends in different indicators of industrial dynamics and economic and territorial evolution, with special emphasis on what has happened since 2006. First, we will deal with elements relating to manufacturing dynamics (manufacturing sector evolution, innovative behaviour and new investment) and, second, we will analyze more specifically the territorial indicators (economic activity, consumption, unemployment rates and net migration), in order to establish possible trends affecting the territorial model, and the present and potential role that could be played by the industrial districts.

The study area

In the Valencia region several economic-territorial models coexist, which are characterized by specific socio-economic dynamics and development patterns. In general terms, it is possible to distinguish four types of area:

a. The "Huerta" economic space: This is the most extensive and demographically densest area in the region, with predominantly tertiary activities complemented by strong industrial development. Although agriculture has played a historical key role in its development, this space has expanded to nearby areas and is now economically and socially articulated by industrial and service activities and also by a dense and hierarchical urban system headed by the Valencia Metropolitan Area and the city of Castelló de la Plana.

   The development process started with the diffusion of new crops from mid-19th century (vegetables and rice, but mostly orange), which, in the context of a highly fragmented land ownership structure, created an appropriate foundation for an expansion of industrial and commercial activities: strong increase in demand for industrial inputs generated by the development of export agriculture, food industry development linked to the local supply of fruit and vegetables, and a general increase in demand due to population and income growth. This industrial base has experienced a strong growth since the mid-1960s, when there also began a process of spatial dispersion of industry, functionally integrating more and more remote areas. Within this area there are three spaces endowed with a special dynamism:

a.1. The urban region of Valencia, characterized by the diversification of production, is divided into three zones: the central municipality and regional capital, Valencia, and two metropolitan peripheries with different levels of morphological continuity and involvement in the metropolitan dynamics. It concentrates a high proportion of industrial employment in the region, which explains much of its tertiary development. Main manufacturing sectors include wood and furniture, chemicals, food, metal and building materials. This is an area with a dense network of inter-firm relationships and auxiliary sectors where small firms –traditionally labour intensive– coexist with large, very innovative, even multinational, companies (Arcelor-Mittal, Ford Motors, Vossloh).

a.2. The district of "la Plana" stands out because of the strong dynamism of the tile industry. This area accounts for over 90% of Spanish production of tiles and has achieved a global leadership, with a quarter of the international market. During the last decades of the 20th century there was heavy investment in technological renovation and the implementation of quality products, resulting in a real boost to this indigenous industry. Beside the ceramic industry, other ancillary and service sectors have emerged linked by relationships of cooperation, making possible the creation of a dense industrial network which has favoured international competitiveness in this area.

a.3. The Vinarós-Benicarló area specializes in furniture and has experienced a process similar to that described above, but is smaller in size and located in a remote northern territory functionally disconnected from the rest of the region.

b. The Alicante coastal touristic space: Tourism explains and articulates the growth pattern of this economic space. The dominant sectors in this area are tertiary and construction. The tourism development process, relatively recent, has driven important transformations in a geographical area that originally covered many different natural and socio-economic realities. Among these, it is important to point out the case of the Alicante urban Metropolitan Area, originally based on the traditional commercial centre and port, but subsequently experienced some industrial development associated with aluminium, metal processing, fertilizers, refinery, canneries and ceramics, and service development determined by its urban character.

c. Industrial inland areas: These areas, although functionally and sectorally different, are mainly characterized not only by their high industrial specialization but also the similarity in their development processes. These industrial districts followed parallel but separate processes, although their economies are similarly based on indigenous entrepreneurs, the existence of local resources and a strong tradition of craftsmanship, following the model of "rural" (Houssel, 1985) or "endogenous industrialization" (Vázquez Barquero, 1988), organized according to the model of an industrial "district" or "cluster" (Ybarra, 1991; Soler, 2000). Taking into account the local dominant industry, we can identify four zones:

c.1. The textile area: In this area the dominant sector is the textile and clothing industry, in particular the production of knitwear, rugs and blankets. It houses two-thirds of the companies and around 40% of regional industrial employment in this sector. Over 70% of production is devoted to export, and Ontinyent and Alcoi are the main cities. Alcoi experienced one of the earliest industrialization processes in Spain; industrial success is explained historically by the availability of raw materials, energy sources and water, combined with important contacts with the domestic and international markets. In the 1950s and 1960s the woollen industry was developed with the installation of factories side-by-side with traditional hand spinning under the putting-out system, or homeworking, spread to the surrounding municipalities. The strong demand at that time caused by successive wars transformed Alcoy into the main manufacturing centre for army uniforms after the introduction of the steam engine in 1853. Other important industrial centres in this area are Ontinyent and Bocairent along with their surrounding municipalities. From the beginning of the process there was a clear geographical dispersion of activities, creating small industrial clusters highly adaptable to market conjunctures. During the 1960s and 1970s the textile sector was restructured, reoriented towards home textile and its technology and facilities modernized. Today there is a predominance of small indigenous companies specialized in one phase of the production process. Inter-industrial relationships are therefore very important.

c.2. The "Foia de Castalla": The three municipalities that make up this subarea specialize in toy manufacturing, and today account for more than 70% of regional employment in this sector. It originated in the late 19th century, with the emergence in Onil of a doll factory mainly for the domestic market. Around this time a thriving toy industry developed in Ibi, an activity associated with the old tinker tradition in the area.

c.3. The "Vinalopó" Valley: The dominant sector in this area is the footwear industry, highly concentrated in cities like Elx and Elda-Petrer. Rain-fed agriculture is very poor and with little chance of being competitive. For this reason, the area, which enjoyed good communications and remarkable business initiatives, specialized in industrial activity originated in some traditional craft activities (handmade espadrilles and mule drivers), which were favoured by Vinalopó's geographical location on the way from Valencia to the Segura Valley and from the Mediterranean sea to the "Meseta" (Bernabé, 1976). Nowadays this area houses two-thirds of the Spanish shoe industry. It is a highly labour-intensive economy permanently adapting to the new conditions of international competition in both lower price and better design market segments.

The adoption of new technology, the consolidation of international markets and the business concentration process favoured the

international competitiveness of this sector. The most important changes occurred throughout the 1980s when the trend towards decentralization of production targeted product differentiation and cost flexibility. Emerging new firms were small (less than 10 employees) and tended to establish important business relationship networks, so that you could say that "there is only a single large shoe factory: the town of Elche itself" (Ybarra, 2000, p. 206).

c.4. L'Olleria: This small local labour market, consisting of only seven municipalities, has its origin in a tradition of craft glassmaking dating back to the 16th century, probably from the conversion of previous ceramic activity. In the early 20th century the first factories were established, which today are devoted largely to decorative products and the treatment of recycled glass.

d. The inland agricultural area: Although there are some small secondary service centres, this space can be described as a depressed rural area. The processes that explain its evolution are common to other European regions: in the 1940s and 1950s this area was heavily dependent on primary production based on family farming systems. Spanish industrial development and the possibility of better employment conditions in cities from the 1950s onwards led to a large flow of migrants from the countryside to the main cities, resulting in progressive depopulation of the most disadvantaged rural areas, i.e. those with an uncompetitive primary sector (low prices, low wages, low investment in activities, etc.). This process favoured the concentration of population and resources on the coast and in the intermediate industrial cities. In addition, the loss of population and material and human resources had a clear detrimental effect on inland areas with little chance of evolving into other non-agricultural sectors or of modernizing its agriculture to adapt to demand. The process of depopulation, and economic, social and environmental decline that still affects these regions has led to an aging population that is both cause and consequence of the continuous deterioration of economic activities, in spite of the policies and programs implemented to support their development (Noguera, 1997).

Taking into account this economic-territorial structure and, in particular, the importance of indigenous industry for the economic structure and territorial balance, the regional government launched in the mid-1980s, in the context of the transfer of powers from the central state to the regions, an industrial policy to support the modernization of small and medium firms that became a benchmark, nationally and even internationally (Mas, Rico and Mafé, 1990 y 1992; Rico, Mafé and Mas, 1988; Salom, 1997). Its main components were: a) an institutional network to support industry, including sectoral technological institutes coordinated by a specialized agency, the Institute of Valencian Small and Medium Industry (IMPIVA, today IVACE - Valencian Institute for Business Competitiveness), and b) a set of aid programs addressed to companies that embraced modernization, technological innovation, training, etc. The policy was based on two main premises (Salom and Albertos, 1995, pp. 388-389):

a. There are no innovative sectors, but innovative firms; therefore traditional sectors are also capable of carrying out innovation processes.
b. To be effective, industrial policies must adopt a decentralized perspective, creating facilities and services close to firms, and therefore they should be spread to the different production areas.

This approach meant that an important part of service facilities and aid was directed at the inland industrial areas, which undoubtedly had important territorial consequences. Thus, the Technological Institutes for textiles, toys, pottery and footwear were placed inside their respective productive areas, and between 1995 and 2004 inland industrial districts received around a third of the total aid funds.[1] However, this policy of supporting innovation in traditional sectors has experienced significant ups and downs since its launch, coming in recent years to a significant change of direction, as the political will to foster innovation processes in traditional sectors weakened with the growing interest from employers and institutions in the construction sector, as we shall see in the next section. The present crisis in the construction sector has revived interest in industrial revitalization, especially in traditional sectors, as an alternative and/or complementary strategy to overcome the crisis of tourism-property. However, how is this feasible? Are these spaces now able to reverse the long decline that they have been experiencing since the beginning of the 21st century and contribute not only to the economic recovery in the region, but also, as in the past, to its territorial rebalancing?

In order to get the answer to these questions, in the following pages we analyze the organization and the impact of the current economic crisis on the different regional spaces, focusing in particular on the impact on the variables related to territorial wealth and population dynamics. Special attention is paid to the industrial districts in the centre and south of the region, which in the past have been the main contributors to the rebalancing of the Valencian territorial model.

The territorial units we are using come from a study conducted by the authors on behalf of IMPIVA (Salom et al., 2006) aimed at identifying "industrial clusters" defined as "specialized production areas with high development potential", i.e. territorial agglomerations of firms performing specific productive activities and achieving some relevance and technological advantages. The methodology applied, partly inspired by that developed by the Italian Statistical Institute (ISTAT, 2001), uses a territorial cohesion criterion after the identification of Local Labour Markets (LLM) based on daily labour mobility (total and manufacturing) according to the 2001 census. The results are shown in Table 1 and Figure 1. The dynamics of these spaces is compared with other local labour markets with very different characteristics: those included in the touristic south coastal area,

1. During this period, between 25% and 30% of "innovative" companies –those which received aid from "regional programs promoting innovation"– were located in the inland industrial districts and received between 30% and 35% of the total funds (IMPIVA and our own calculations).

the Valencia Metropolitan Area, and other urban spaces articulated by the cities of Alicante, Gandia and Xativa.

Figure 1. Study Area

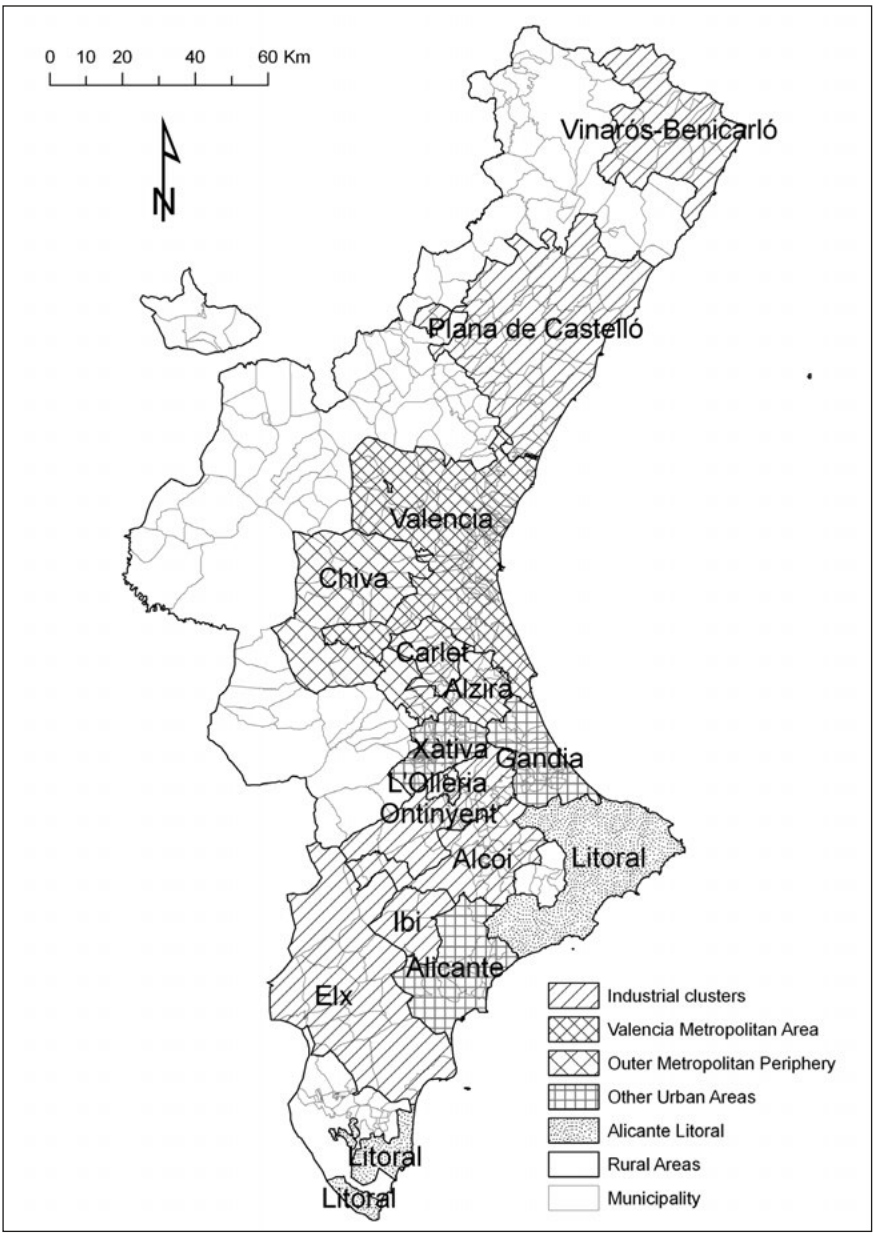


Table 1. Study Area

	Number of municipalities	Inhabitants in 2011	Economic Specialization
Industrial *clusters*	158	1306459	Manufacturing
Alcoi	30	99375	Textile and clothing. Paper
Elx	19	516960	Leather and footwear. Textile. Marble.
Ibi	4	43740	Toys. Rubber and plastics.
l'Olleria	7	12898	Glass. Rubber and plastics
Ontinyent	23	78533	Textile and clothing. Blankets.
Castellón	59	477927	Tiles. Enamels and varnishes.
Vinarós-Benicarló	16	77026	Furniture.
Valencia Urban Region	108	2098481	Diversified: services and manufacturing
Valencia Metropolitan Area	75	1866568	Services, manufacturing
Outer Metropolitan Periphery: Carlet	9	57458	Machinery and industrial equipment. Food
Outer Metropolitan Periphery: Chiva	11	51119	Construction supplies. Machinery and industrial equipment
Outer Metropolitan Periphery: Alzira	13	123336	Services. Food. Furniture.
Other Urban Areas	69	753767	Services
Alicante Metropolitan Areas	10	479775	Diversified: services
Gandia Urban Area	32	185027	Diversified: services
Xàtiva Urban Area	27	88965	Services. Clothing. Paper.
Alicante Litoral	52	562539	Tourism
VALENCIAN COMMUNITY	543	5117190	Diversified

Sources: Salom et al. (2006) and IVE (2011).

Crisis in the Valencian industry: a particularly severe impact

Valencian industrial dynamics: global and sectoral analysis

In the last decade, manufacturing industry has lost its weight and importance in the Valencian economy. According to the *Regional Accounting of Spain*, in 2000 the manufacturing industry corresponded to 19.5% of regional Gross Value Added

(GVA), while in 2009, at the beginning of the current crisis, their share had fallen to 12.3%. Over the span of about a decade, the production structure of the Valencian Community has diluted its traditionally strong manufacturing specialization: the location quotient of the manufacturing industry in the region has decreased from 1.19 in 2000 to 1.09 in 2009.

However, in the recent years of the crisis (2009-2011) this process seems to have stopped and even reversed. Even in 2011 manufacturing GVA grew in absolute terms, which, in a context of marked overall contraction, has raised its share in the regional economy to 13.3% (one percentage point higher than in 2009). Thus, in 2011 Valencia recovered some of its industrial pulse; however, this recovery was slightly earlier and more intense in the rest of Spain. The return to a recessive situation in 2012 and 2013 will probably nullify these first "green shoots", but suggests that the solution to the crisis could be associated with the recovery of manufacturing activity as a key driver industry.

Table 2 shows the dynamics followed by the main players of the Valencian industry and selected sectors. Until 2008, the entire manufacturing industry showed moderate GVA growth rates –slightly negative before 2005 and slightly positive between 2005 and 2008–; however, the number of firms and workers were declining in the period, leading to a rise in the average size of firms (from 13.4 employees/firm in 2000 to 14.6 in 2008) and an increase in apparent labour productivity (GVA per worker rose from €42110[2] in 2000 to €47060 in 2008).

The economic crisis from 2008 is a turning point that has affected manufacturing in the region in a particularly negative and intense way, falling more steeply than in the rest of Spain. In the first three years of the crisis, between 2008 and 2011, the Spanish manufacturing industry lost 16.9% of firms and 20.6% of employment, while the GVA generated was reduced by 21%; in the case of Valencia the decline was significantly worse, with reductions of 23.4% in the number of firms, 27.3% in employment and 25.5% in GVA. Probably as a result of their industrial structures –sectors of specialization, average size of firms and markets– Valencian manufacturing industry has been much more vulnerable to the current crisis: after almost 20 years (1988-2008) of slow but steady GVA growth, industrial production has fallen in the three years of crisis to 1995 levels, which gives an idea of the depth of the crisis.

Nevertheless, it is possible to detect some positive movement. Perhaps the most obvious is the recovery of export figures since 2009. In 2010-2011 regional industrial exports again grew sharply (10.6% per year), at a time when the regional economy was in recession. Industrial exports, which have been declining since the late 1990s, are regaining ground very quickly: from 16.4% of regional GDP in 2009 to 20.0% in 2011. Thus, the pattern followed in previous crises is being reproduced now, although the depth of the current crisis hinders and slows GDP recovery.

Each industrial sector shows a different history (see Table 2). In general terms, those that are more characteristic of the industrial districts show particularly nega-

2. Constant euros (2011 prices).

tive performance. In some cases, the industrial decline began well before the start of the current crisis. The contraction of GVA is noticeable since 2000 in footwear, furniture, textiles and toys, while in the tile industry it began somewhat later, in 2005. Much of the indigenous industry was already in crisis during the economic boom before 2008. Thus, in 2008, compared with 2000, production severely declined by 49% in textiles and clothing, 42 % in footwear, 37% in toys, 31 % in furniture, 22% in tiles and 17% in glass. As we have seen, these activities are highly concentrated spatially, often shaping industrial districts, and the industrial base of the economy of many of these areas significantly weakened in the years prior to the current crisis; it was in this way that a sectoral problem became territorial, even before the crisis.

Table 2. Manufacturing industry dynamics in the Valencia region
Total and selected sectors
Number of firms, employment and GVA (2000-2011)

Annual growth rate (%)									
	Number of firms			Employment			Gross Value Added		
Sector	2000 - 2005	2005 - 2008	2008 - 2011	2000 - 2005	2005 - 2008	2008 - 2011	2000 - 2005	2005 - 2008	2008 - 2011
Tiles	-0.3%	-1.6%	-12.5%	1.0%	-4.1%	-14.7%	0.3%	-8.5%	-8.3%
Footwear	-8.0%	-2.5%	-11.1%	-6.5%	-8.2%	-8.7%	-6.9%	-6.1%	-5.9%
Rubber and plastics	-1.0%	1.0%	-5.4%	1.7%	1.3%	-6.7%	0.3%	3.0%	-6.7%
Toys	-8.8%	-2.6%	-17.2%	-7.2%	-5.7%	-8.0%	-11.7%	5.5%	-9.3%
Furniture	-2.9%	-3.9%	-12.7%	-3.5%	-4.9%	-20.2%	-3.4%	-6.3%	-23.9%
Textile and clothing	-7.5%	-2.3%	-9.3%	-7.0%	-8.6%	-11.3%	-8.5%	-7.2%	-11.4%
Glass	-1.6%	-12.3%	-3.5%	-0.4%	-8.0%	-10.4%	-0.3%	-5.6%	-14.5%
Manufacturing industry	-3.7%	-0.8%	-7.0%	-1.6%	-1.8%	-10.1%	-0.9%	0.9%	-9.3%

Sources: Industrial Survey (National Statistics Institute) and our own calculations.

Moreover, when the crisis occurred in 2008, its impact was stronger in the typical sectors in the industrial districts than in the regional industry as a whole: in just three years (2008-2011), GVA fell an additional 56% in the furniture industry, 38% in glass industry, 30% in textiles and clothing, 25% in toy industry, 23% in tiles, and 17% in shoes manufacturing. The impact on employment has been even more severe: job losses during 2008-2011 led to employment reduction of almost 50% in the furniture industry, 38% in the tile industry, 30% in textiles and clothing, 24% in footwear and 22% in the toy industry –the sectors with the greatest weight and territorial concentration in the industrial districts.

The impact of the crisis, along with the previous negative trend in many of the typical industrial district sectors, has led in some cases to extraordinary reductions in industry size, making their future viability doubtful, with the risk of extinction. Considering the evolution of GVA, the most extreme cases are found in the furniture and the textile industries, where their size in 2011 was just one third of that in 2000; a second group –footwear, glass and toy industries– halved its size between 2000 and 2011; finally, the other sectors have suffered marked but smaller reductions: the size of the tile industry in 2011 was 60% of that recorded in 2000, and in the case of rubber and plastics it corresponded to 87% of the value in 2000.

These different sectoral trends are related to the strategies followed by industrialists as a response to the crisis, which in some cases were proactive, while others were purely defensive. In general, four main types of response may be identified (Ybarra, Albertos and Salom, 2004):

a) Immersion: This is a classic response in much of the traditional Valencian sectors, even as a complementary strategy used by mature companies, combined with other measures of product qualification. Some production phases are located in uncontrolled workshops and/or some of the workforce is hired on a casual basis. Recent increase in immigration may have favoured this behaviour in the short term, causing job insecurity and a growing social crisis in manufacturing areas, especially in inland, where, due to high specialization in the industrial sector, there are few employment alternatives.
b) Offshoring: Given the growing foreign competition from countries with lower costs, some businesses have adopted a cost-cutting strategy by relocating part or all production activity to other countries (mainly Asia and North Africa). This has not been viewed negatively by the regional government, which even explored the possibility of acquiring public land in Morocco for the establishment of an industrial estate for Valencian companies. Alternatively, various groups are using the term "multi-location" (i.e. the use of different locations for different phases of the production process or plants from the same company), and it is argued that this model will enable the region to keep the more advanced features and decentralize the processes that are more unskilled labour intensive. However, this option also has problematic aspects, since it involves the complete breakdown of the model of "industrial district" or traditional "local productive system", in which territorial competitiveness arises, among other factors, from the existence of an agglomeration of manufacturing activities, auxiliary components and business services, as well as the qualifications and traditional "know how" of the local population. The disappearance of a substantial part of this industrial network is an obstacle to the success of more complex alternative strategies based on the creation of a fashion industry, a greater flexibility to respond quickly to market demands. The disappearance of this complex network, due to the relocation of part of the productive system, reduces the ability to adapt and the speed of response to changes in fashion as a competitive factor.

c) Escape to the building sector: The industrial crisis, along with increased expectations of profit generated by the real estate sector, caused a growing number of businessmen, even in the industries that have best weathered the recession, to refocus their activities, partially or totally, towards the construction industry. This strategy has caused major economic and human capital losses in traditional manufacturing sectors.
d) Innovation: Finally, a section of the business community has chosen a qualitatively superior strategy, focused on accelerating innovation processes, the development of higher quality products, the introduction of a greater technological and design component, and the expansion and diversification of markets through product differentiation in order to compete in higher income market segments. This line of action has concluded its first phase, by increasing the quality of products through technological and organizational improvement processes; subsequently, more visibly in some sectors than in others, there has been an attempt at product differentiation through the design and creation of brand image. While the gains in the first phase have been important in many of the traditional sectors, the second is currently limited by the lack of effort in fashion and image creation.

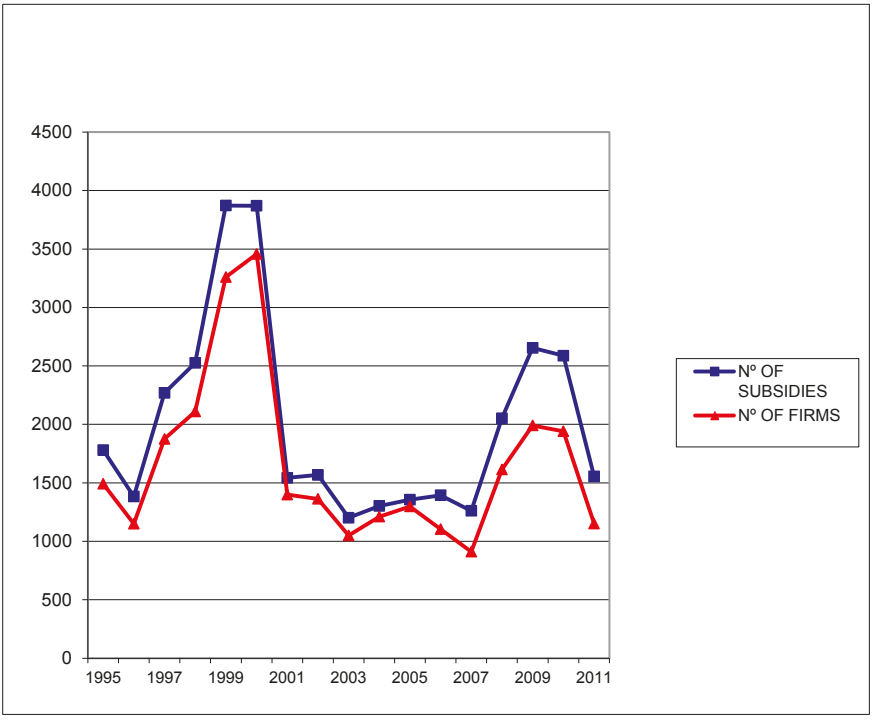
However, the success of more proactive strategies is limited by a number of structural problems:

- The majority of the innovation process has been based on imitation, not assimilation and creation of new products and processes.
- There is no suitable regional science and technology system able to generate a significant leap in R&D; the existing one is not effective, mainly because of the limited role played by universities given the absence of bridges to the productive system.
- There is a major lack of infrastructure and services support of all kinds, including social ones, and the region lacks an advanced tertiary sector effectively supporting innovation processes.
- The predominant SME presence is characterized by the absence of inter-firm cooperation, although this is more evident in some sectors.
- Training systems, where they exist, are only aimed at technical staff, neglecting the formation of all workers, a prerequisite for the implementation of quality processes.
- There is a lack of international business leadership. The closure of well-known firms, like FAMOSA (toys) and KELME (shoes) has aggravated this situation.

The convergence of these multiple strategies and the difficulty of implementing the most advanced lines of action, along with the duality of the sectors, have caused job losses or relocations resulting from the crisis in many of the companies that have undertaken defensive strategies and have failed to cope with increasing competition.

Meanwhile, the regional government has failed to provide an adequate response to this situation, as evidenced by the trend in aid granted in the context of regional innovation policy. The number of subsidies awarded and the number of businesses assisted under this policy have fluctuated significantly since its inception, generally following the trends in the economic situation and the priorities of regional government economic policy (Figure 2). The number of companies receiving support in 1995 reached 1492; this gradually increased to almost double in 2000, which stood at a record high of 3457, dropping sharply in 2001 to 1399 companies. From then on, the number of companies receiving support gradually decreased to 911 in 2007. After a rebound in the years 2008-2010, the figures fell sharply again in 2011 (1151 companies supported).

Figure 2. Number of subsidies granted and companies subsidized by the industrial innovation policy of the Valencian Regional Government



Sources: IMPIVA several years and our own calculations.

The first symptoms of decline in the traditional industrial sectors were evident from 2000: falls in the main indicators, as we have seen, were employment reductions, closures and relocations, which affected iconic companies in 2003-2004

(well before the present crisis).[3] These, together with events like the attacks on shoe warehouses owned by Chinese businessmen in Elx on September 16, 2005, followed by demonstrations in support of the footwear industry, attracted heavy media coverage.

In this situation, the policy response was at least ambiguous, since, after showing a reluctance to recognize the problematic situation of the traditional sectors, the regional government chose to minimize the importance of these sectors in the Valencian economy, supporting alternative growth models that led to the abandonment of these sectors.[4] However, from May 2005 the regional government announced the launch of sectoral strategic plans for 11 mature industries. Although, theoretically, these plans reverted to the principles of the regional industrial policy of the 1980s, they lacked the necessary budgetary support. The current financial crisis now makes it impossible for the regional government its effective implementation.

In conclusion, the analysis indicates that all sectors in the industrial districts have experienced weaker growth than the regional industry as a whole, and that in recent years no industrial policy has been implemented to respond to this situation. The industrial economic base on which the balanced territorial model was built, based on small and medium-sized cities, was clearly in decline well before the crisis and it has been particularly vulnerable to it. Using the available information at a sub-regional level, we will try to establish whether it is possible to detect particularly negative developments in these areas or whether, on the contrary, they are developing alternatives that could preserve the current territorial model.

Industrial investment

The viability and upgrading of industrial structures depend on constant investment in new facilities and equipment to improve production capabilities. The registered industrial investment is a prime indicator of the industrial situation and, fortunately, is available at a detailed territorial level. Table 3 presents the most significant information about the trend in this variable in the years before and during the crisis.

3. Among others, in 2003 the textile company *Sáez Merino (Lois)* relocated to Morocco and the *MB* facilities at Ribarroja closed, blaming changes in children's playing habits; in 2004 the *Martinez Valero* shoe company closed at Elx, and the problems of the *FAMOSA* toy company began; and in 2005 the *Jesmar* toy company also disappeared.

4. In April 2005 the regional government spokesman, Esteban Gonzalez Pons, said in a magazine interview: "We should not tell an employer to manufacture textiles, furniture or shoes, but to get into leisure, welfare or new technologies". "González Pons' advice was to forget the textile and furniture sectors and to invest in leisure", *El País*, 7th April 2005.

Table 3. Registered investment in manufacturing industry. Euro[5] (constant at 2011 prices)

Territory	Million Euros Annual average		% of Valencian Community		Change Nov 2009/ Aug 2006
	2006-08	2009-11	2006-08	2009-11	Index number Aug 2006=100
Industrial *clusters*	143	200	26.1%	50.8%	140
Alcoi	14	8	2.5%	2.0%	58
Elx	32	17	5.8%	4.4%	54
Ibi	12	7	2.2%	1.9%	62
l'Olleria	2	2	0.4%	0.6%	113
Ontinyent	10	6	1.8%	1.6%	62
Castellón	69	151	12.5%	38.4%	220
Vinarós-Benicarló	5	8	0.9%	1.9%	155
Valencia Urban Region	336	147	61.3%	37.3%	44
Valencia Metropolitan Area	278	131	50.6%	33.3%	47
Outer Metropolitan Periphery: Carlet	5	4	0.9%	1.1%	84
Outer Metropolitan Periphery: Chiva	32	4	5.8%	1.0%	12
Outer Metropolitan Periphery: Alzira	21	8	3.9%	1.9%	35
Other Urban Areas	18	26	3.3%	6.6%	142
Alicante Metropolitan Areas	10	19	1.8%	4.8%	194
Gandia Urban Area	7	6	1.3%	1.6%	91
Xàtiva Urban Area	2	1	0.3%	0.2%	42
Alicante Litoral	8	15	1.4%	3.8%	192
VALENCIAN COMMUNITY	549	393	100.0%	100.0%	72

Source: Industrial Registry. Conselleria de Industria, Regional Government.

The effects of the crisis are clearly visible: before the crisis (2006-2008), industrial investment amounted to approximately €549 million a year and decreased in the

5. The amounts invested have been adjusted using the deflator series provided by the Bank of Spain.

subsequent period (2009-2011) by nearly 28% to €393 million per year, a similar fall to that experienced by the industrial GVA in the period. These effects have been felt not only in the total amount of investment, but also in its geographical distribution and, therefore, in the changes experienced by the different industrial spaces. In this regard, we can emphasize the following:

a. The trend in investment in the ceramic cluster is remarkable (local labour markets of Vilareal and Castelló), where investment has more than doubled, from around €69 million to €151 million. In a context of general depression, this increased the weight of the ceramic cluster in total regional industrial investment from 12.5% before the crisis to 38.4% in 2009-2011. This striking development is explained largely by the contribution of two individual investment projects (€93 million and €150 million each) in the subsector of frits, glazes and ceramic pigments –now more dynamic and export oriented than the tile production sector; without the contribution of this auxiliary sector, the ceramic cluster would not have shown this spectacular progression.
b. The remaining industrial clusters show much more modest investment figures. Only in the case of the furniture cluster in the north of the province of Castellón is there some positive movement. In the other major industrial spaces (Alcoi, Elx-Vinalopó, Ibi and Ontinyent), the decline in industrial investment during the crisis has been very significant. The southern inland industrial districts reduced the annual investment from €70 million before the crisis to €46 million after.
c. The urban region of Valencia is another major industrial area hit very hard by the crisis. Industrial investment fell from €336 million to €147 million per year, affecting both the central spaces of the urban region (from €278 million to €131 million, a 53% reduction) and those at the outermost periphery (€58 million to €18 million, a reduction of 69%).
d. Finally, there is some growth, albeit small, in industrial investment in other urban spaces such as the Alicante Metropolitan Area and across the Alicante touristic coastal area.

The trends stemming from the crisis, if they persist, should lead to profound changes in the industrial map, with a strengthening of the clusters located north in the province of Castellón, and with the ceramic industry being particularly significant, as it has tripled its relative weight from 12.6% to 38.4%. It is nevertheless important to point out that investor behaviour in this cluster during the crisis has rested more on the good performance of the auxiliary sector of glazes and frits than on the tile production enterprises, where the crisis has manifested itself more intensively. The rest of the southern inland industrial districts in the Valencia and Alicante provinces (Ontinyent, Alcoy, Ibi, Olleria and Elx-Vinalopó) have lost ground with the crisis, as their share of regional investment fell from 12.7% to 10.5%. However, although the fall in investment has been remarkable, at about 34%, resistance to the crisis has been better here than among the industries in the urban region of Valencia, where

there has been a genuine collapse of investment, reflected in a fall of 56% from the baseline (61.3% to only 37.3% of the regional total).

In short, and with only partial evidence of what happened in recent years, it could be said that despite the seriousness of the general decline the industrial sector in the industrial districts is resisting the crisis better than its counterpart in the largest metropolitan area in the region. The best example of this is the ceramic cluster, which shows more dynamism and success, attributable to the strong performance of its auxiliary industries, which are associated with the more advanced development stage in this district.

Firm innovation dynamics

We consider the number of firms benefiting from grants for the promotion of innovation under the regional industrial policy as an indicator of the ability of the sectors and territories to articulate modernization proposals. From this point of view, the first conclusion is that the innovative capacity of industrial districts has declined progressively since 2004, in line with the decline of traditional industries and the loss of momentum of regional policy support for those industries (see Figure 3). Since 2004, the relative weight of the subsidies received by the inland industrial districts has been decreasing; on the other hand, this weight has increased not only in urban areas, particularly in the Valencia Metropolitan Area, but also in other areas where manufacturing has always been marginal, like the touristic Alicante coast. This trend has accelerated since 2006, and in 2011 the inland industrial districts received only 20% of total aid distributed by the innovation regional policy.

In recent years, this dynamic is evident during the 2006-2008 period of relative growth and in the recession period 2009-2011 (Table 4). In the former, the total number of innovative companies increased at an annual average rate of 23.1%, well above the growth shown by firms in the industrial districts (11.4%); the only exceptions were the very small areas of Olleria and Vinaros-Benicarló. By contrast, the increase did not exceed 10% per year in the main industrial districts of Alcoi, Elx and Castelló. Despite the start of the crisis, the positive trend was maintained until 2009, but after that the number of grants and subsidized companies declined rapidly.

The impact of the crisis –a reduction for the whole region of around 10%– to some extent brought about a degree of homogeneity in the behaviour of the different economic areas in the region. However, the decline rates are higher in the touristic coastal area, directly affected by the collapse of the construction sector, and in several industrial districts: l'Olleria, Ibi, Ontinyent and Vinarós-Benicarlo; however, it is worth noting in this context the better performance shown by the ceramic industrial area.

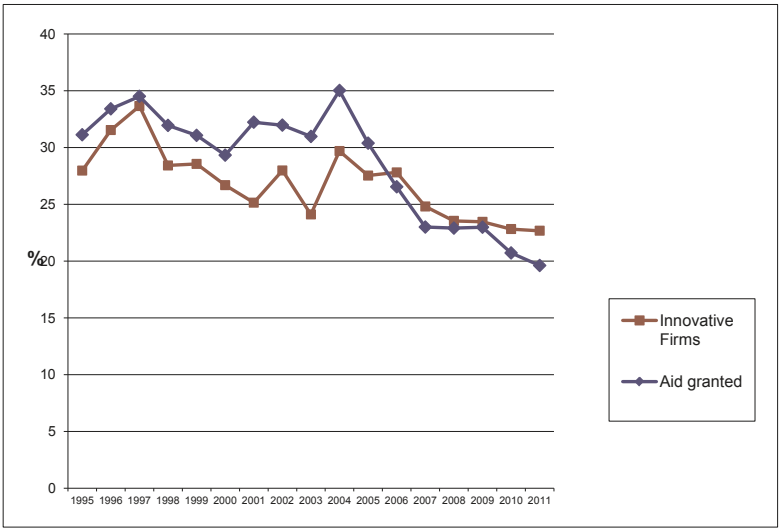
Consequently, throughout the 2006-2011 period the proportion of innovative companies in the industrial districts in relation to the total for the region ranged from 36% to 29% (from 26% to 19% for inland industrial districts); by contrast, the relative weight of the urban region of Valencia, especially in its central space, increased from 50% to 53%, as well as in the case of most of the other urban areas of the region (of 8% to 9%).

Table 4. Regional innovation industrial policy. Innovative firms

	Innovative firms				Annual growth rate (%)		% of regional total	
	2006	2008	2009	2011	2006-2008	2008-2011	2006	2011
Industrial *clusters*	422	518	672	391	**11.37**	-8.17	36.16	29.39
Alcoi	71	79	95	67	5.63	-5.06	6.67	5.40
Elx	140	155	217	111	5.36	-9.46	11.26	7.65
Ibi	43	58	72	39	17.44	**-10.92**	3.87	2.70
l'Olleria	5	19	15	8	**140.00**	**-19.30**	0.43	0.51
Ontinyent	46	64	58	34	19.57	**-15.63**	4.17	3.22
Castellón	105	121	178	122	7.62	0.28	8.82	9.20
Vinarós-Benicarló	12	22	37	10	**41.67**	**-18.18**	0.93	0.71
Valencia Urban Region	522	839	1017	602	**30.36**	-9.42	50.29	52.93
Valencia Metropolitan Area	480	771	900	558	30.31	-9.21	45.48	48.62
Outer Metropolitan Periphery: Carlet	20	28	30	14	20.00	-16.67	1.79	1.54
Outer Metropolitan Periphery: Chiva	6	17	37	14	91.67	-5.88	1.08	1.35
Outer Metropolitan Periphery: Alzira	16	23	50	16	21.88	-10.14	1.94	1.41
Other Urban Areas	93	143	171	121	**26.88**	**-5.13**	7.53	8.75
Alicante Metropolitan Areas	64	77	86	66	10.16	-4.76	5.02	4.76
Gandia Urban Area	20	51	66	39	77.50	-7.84	1.87	2.77
Xàtiva Urban Area	9	15	19	16	33.33	2.22	0.65	1.22
Alicante Litoral	28	41	47	17	30.00	**-20.83**	2.58	1.35
VALENCIAN COMMUNITY	**1104**	**1614**	**1991**	**1151**	**23.10**	**-9.56**	**100.00**	**100.00**

Sources: IMPIVA and our own calculations.

Figure 3. Percentage of subsidies granted by the regional innovation industrial policy directed at firms located in the southern inland industrial districts



Sources: IMPIVA and our own calculations.

The territorial impact of the crisis: A substantial change in the territorial development model?

Economic activity

Economic information at sub-regional level is scarce in Spain. With the exception of some indirect indicators, the only regular and consistent source of local economic data is the Economic Yearbook published by the Research and Studies Department of "La Caixa". Some of the composite indicators published in this Yearbook (Economic Activity Index and Market Share Index) can be very useful for the major trends in progress at local level.[6]

The *Economic Activity Index* (Table 5) provides information for only 2005 and 2011; with this time range we can make only an overall assessment for the whole period, rather than of the specific impact of the crisis. This index shows the volume of economic activity (non-agricultural) in each territory as a share of the total for Spain as a whole, which is set to the value 100000.

6. The main drawback of this source –the lack of information for municipalities smaller than 1000 inhabitants– does not affect this study, because very few municipalities in the study area fall into this category.

Table 5. Market Share Index and Economic Activity Index. Spain = 100000

	Market Share Index			Economic Activity Index	
	2005	**2008**	**2011**	**2005**	**2011**
Industrial *clusters*	2673	2713	2677	3401	3141
Alcoi	207	199	196	239	196
Elx	1045	1054	1040	1082	1189
Ibi	95	94	92	107	103
l'Olleria	25	25	25	20	18
Ontinyent	168	165	162	132	117
Castellón	981	1013	1001	1668	1400
Vinarós-Benicarló	152	163	161	153	118
Valencia Urban Region	4340	4395	4368	4095	3941
Valencia Metropolitan Area	3864	3921	3892	3732	3577
Outer Metropolitan Periphery: Carlet	128	125	127	75	70
Outer Metropolitan Periphery: Chiva	88	91	96	109	128
Outer Metropolitan Periphery: Alzira	260	258	253	179	166
Other Urban Areas	1531	1569	1549	1559	1261
Alicante Metropolitan Areas	969	993	986	1126	921
Gandia Urban Area	380	397	389	319	249
Xàtiva Urban Area	182	179	174	114	91
Alicante Litoral	1124	1185	1168	949	813
VALENCIAN COMMUNITY	10401	10630	10526	10603	9694
SPAIN	**100000**	**100000**	**100000**	**100000**	**100000**

Sources: *La Caixa Economic Yearbook of Spain* and our own calculations.

The first conclusion based on the changes in the Economic Activity Index is that the Valencian Community lost its share in the Spanish economy during that period –from 10.6% in 2005 to 9.7% in 2011. This reflects the economic slowdown in the region in recent years. Most of the industrial clusters also exhibit negative trends, even worse than the whole region, especially in the cases of Alcoi, Castelló-Vila-real and Vinarós-Benicarló. Among the inland industrial clusters, Ibi performed better –practically stable– probably reflecting its specialization in the rubber and plastics industry. The apparent positive dynamics of economic activity in the district of Elx requires careful analysis: if we examine this territory at municipal

level, we find that these positive developments are exclusive to the cities of Elx and Santa Pola, while the rest of the Vinalopó Valley industrial core (Villena, Sax, Petrer, Elda) shows a clear decline; dynamism can only be found in the coastal area of the district (Elx and Santa Pola), as it essentially depends on economic and urban processes rather than on the footwear industry.

The other indicator used here, the Market Share Index,[7] allows us to assess the impact of the present crisis, as we have data for 2005, 2008 and 2011. Thus, we can estimate separately the economic expansion in the preceding years (2005-2008) and the impacts of the crisis (2008-2011). These results are not directly comparable with the Economic Activity Index because the Market Share Index covers consumption rather than production. However, the latter can provide insights into the effects of the economic cycle on regional imbalances.

Table 6 presents the information as it is provided by La Caixa Yearbook (the volume of Spanish Market set equal to 100000). Between 2005 and 2008 the Valencian Community increased its share in the Spanish total, but that has decreased since the beginning of the current crisis. More interesting is the information in 65, where we give the indices in terms of the percentages of the regional total, to provide a better understanding of intraregional imbalances in the Valencian Community.

Prior to the crisis there was especially remarkable dynamism in the coastal resorts of the Alicante province and in other non-industrial urban areas (Alicante. Gandia and Xativa). By contrast, the urban region of Valencia –the main metropolitan agglomeration– and all industrial clusters declined; this is especially noticeable in the case of the clusters of inland Alicante (Alcoi and Elx). The picture has partly changed with the outbreak of the crisis since 2008. On the one hand, the industrial clusters continue their declining trend (the performance of the Ontinyent area is now even worse), underlining the severity of the crisis in these territories. On the other, the urban region of Valencia and Alicante Metropolitan Area recovered, in contrast to the worsening performance of other smaller urban areas such as Gandia and Xativa. Finally, the highly urbanized and tourist Alicante coast has coped better with the crisis and maintained its relative position.

In short, in a regional context of loss of share in relation to the rest of Spain, the impact of the economic crisis seems to have been particularly marked in the inland industrial districts, while the urban region of Valencia, the Alicante Metropolitan Area and even the tourist coastline of Alicante show a better performance.

Labour market and unemployment

In order to analyze the consequences of the crisis for the labour market, we have studied the trends in registered unemployment using two complementary indi-

7. The *Market Share Index* is an indicator of the consumption level of the municipality and is calculated as a composite measure from information on six variables: population, number of fixed-phones lines, automobiles, trucks (trucks and vans), banks and retail business.

Table 6. Territorial distribution of Market Share inside the Valencian Community 100 = Total market share in the Valencian Community each year

Market Share			
	2005	**2008**	**2011**
Industrial *clusters*	25.7%	25.5%	25.4%
Alcoi	2.0%	1.9%	1.9%
Elx	10.0%	9.9%	9.9%
Ibi	0.9%	0.9%	0.9%
l'Olleria	0.2%	0.2%	0.2%
Ontinyent	1.6%	1.6%	1.5%
Castellón	9.4%	9.5%	9.5%
Vinarós-Benicarló	1.5%	1.5%	1.5%
Valencia Urban Region	41.7%	41.3%	41.5%
Valencia Metropolitan Area	37.2%	36.9%	37.0%
Outer Metropolitan Periphery: Carlet	1.2%	1.2%	1.2%
Outer Metropolitan Periphery: Chiva	0.8%	0.9%	0.9%
Outer Metropolitan Periphery: Alzira	2.5%	2.4%	2.4%
Other Urban Areas	14.7%	14.8%	14.7%
Alicante Metropolitan Areas	9.3%	9.3%	9.4%
Gandia Urban Area	3.7%	3.7%	3.7%
Xàtiva Urban Area	1.7%	1.7%	1.7%
Alicante Litoral	10.8%	11.1%	11.1%
VALENCIAN COMMUNITY	100.0%	100.0%	100.0%

Sources: *La Caixa Economic Yearbook of Spain* and our own calculations.

cators: the estimation of unemployment rates by the Economic Yearbook of La Caixa, calculated as a percentage of the working age population between 1998 and 2011 (Tables 7 and 8),[8] and a second estimate of the unemployment rate as a percentage of the total workforce (unemployed registered in employment offices and workers registered in the Social Security system) during the period 2008-2012 (Tables 9 and 10).[9]

8. The source gives data only for municipalities larger than 1000 inhabitants. However, this is not a serious drawback for the estimation of regional totals, since only 1.2% of the population in the study area is not covered.

9. This amount represents an approximation of the total active population, while the denominator includes only workers in the General System and in some Special Systems (Self-Em-

Although the impact of the crisis is noticeable from 2008, in the case of the industrial districts the beginning of the decline in the labour market occurred earlier, generally from 2001. Indeed, between 1998 and 2001 the unemployment rate in all industrial districts remained below the regional average, while the urban region of Valencia showed a slightly higher rate. Only in the industrial districts of Alcoi and Elx was the situation worse, with unemployment rates higher than the regional average (see Table 7). Furthermore, over this period, improvement in the labour market was stronger in these areas than the regional average and in the other economic areas considered (see Table 8); the pace of decline in the unemployment rate was especially rapid in both local labour markets, particularly at the beginning of the period in Alcoi and Elx.

Table 7. Unemployment rate (% of working age population)

	1998	**2001**	**2006**	**2008**	**2011**
Industrial *clusters*	**6.9**	3.3	**6.8**	**9.0**	**17.2**
Alcoi	8.4	4.4	7.3	8.8	17.1
Elx	9.4	3.9	9.8	12.1	20.5
Ibi	5.5	1.5	6.5	8.7	16.6
l'Olleria	5.2	3.9	6.1	7.7	16.2
Ontinyent	5.7	3.1	5.4	7.4	14.7
Castellón	4.3	2.6	4.1	6.4	15.0
Vinarós-Benicarló	4.4	2.2	3.2	6.0	12.2
Valencia Urban Region	**7.8**	**5.2**	5.6	7.2	14.6
Valencia Metropolitan Area	7.8	5.2	5.6	7.2	14.6
Outer Metropolitan Periphery: Carlet	6.9	5.1	5.0	6.8	14.1
Outer Metropolitan Periphery: Chiva	6.0	3.9	4.6	6.2	13.0
Outer Metropolitan Periphery: Alzira	8.6	6.6	6.6	7.8	16.4
Other Urban Areas	6.9	4.3	5.6	7.6	14.9
Alicante Metropolitan Areas	6.8	4.2	5.4	7.7	14.6
Gandia Urban Area	6.3	4.0	5.2	7.1	15.3
Xàtiva Urban Area	8.2	5.1	6.9	8.2	15.3
Alicante Litoral	4.8	2.1	**4.1**	**6.3**	**12.3**
VALENCIAN COMMUNITY	**7.1**	**4.2**	**5.7**	**7.6**	**15.0**

Sources: *La Caixa Economic Yearbook* and our own calculations.

ployed, Coal Mining and Sea Workers) of the Spanish Social Security scheme, thus excluding those in the Special System of State Civil Servants (625,000 people across Spain, according to estimates by the Directorate General for Personnel Costs and Public Pensions). Therefore, this estimate overstates the actual unemployment rate. The distortions are higher in municipalities where the state administration is larger, as is the case of provincial and regional capitals.

Table 8. Changes in unemployment rate (% of working age population). 1998-2011

Annual growth rate (%)				
	1998-2001	**2001-2006**	**2006-2008**	**2008-2011**
Industrial *clusters*	**-17.58**	**21.72**	16.25	30.45
Alcoi	-15.75	13.29	9.60	31.62
Elx	-19.69	30.98	11.43	23.05
Ibi	-24.20	65.96	16.72	30.41
l'Olleria	-8.07	11.20	13.28	36.61
Ontinyent	-14.81	14.39	18.43	33.15
Castellón	-12.71	10.87	29.19	44.43
Vinarós-Benicarló	-17.01	9.91	42.72	34.39
Valencia Urban Region	**-11.08**	1.57	13.77	**34.59**
Valencia Metropolitan Area	-11.41	1.75	14.02	34.40
Outer Metropolitan Periphery: Carlet	-8.84	-0.39	17.91	36.20
Outer Metropolitan Periphery: Chiva	-11.48	3.74	17.17	36.39
Outer Metropolitan Periphery: Alzira	-7.81	0.09	9.13	36.22
Other Urban Areas	-12.57	5.93	18.65	31.67
Alicante Metropolitan Areas	-12.77	5.73	20.99	29.83
Gandia Urban Area	-12.03	6.10	18.30	38.20
Xàtiva Urban Area	-12.60	7.34	9.31	28.71
Alicante Litoral	-18.75	19.24	**26.09**	31.84
VALENCIAN COMMUNITY	**-13.70**	**7.24**	**16.55**	**32.58**

Sources: *La Caixa Economic Yearbook* and our own calculations.

In the period between 2001 and 2006, before the crisis hit the regional economy hard, the labour market situation in all industrial areas was seriously deteriorating. During those years, the rate of increase in registered unemployment in the industrial districts was above the record for the coastal resorts of the Alicante province, more than three times higher than the regional average, and fifteen times the level in the urban region of Valencia (see Table 8).

Although the severe impact of the housing bubble crisis after 2006 led unemployment rates to increase rapidly and systematically, first in the tourist areas of the region, and later (from 2008 onwards) in the urban region of Valencia, the industrial districts regressed but still did better than the regional average (see Table 8). The growth of the unemployment rate in the industrial districts, although high, was well below the urban areas, particularly that in the urban region of Valencia, whose growth rate has exceeded the regional average since 2008. However, this

apparently better performance must be tempered in view of the data. Although registered unemployment increased at a slower pace than the regional average, the decrease in the number of employed workers registered in the Social Security system was greater (see Table 9). We are probably seeing a decline in registered unemployment due to discouragement and abandonment related to a long-term deteriorating process affecting the labor market. In any case, the unemployment rate estimated with either indicator shows the same final scenario (Table 10): unemployment in industrial districts was higher than the regional average, only slightly below that found in coastal areas, and well above that estimated for urban and metropolitan areas.

Table 9. Trends in the Labor Market. 2008-2012

	Registered unemployment in employment offices		**Workers registered in the Social Security system**	
	Growth rate (%)	**Index (CV=1.00)**	**Growth rate (%)**	**Index (CV=1)**
Industrial *clusters*	133.71	0.93	**-22.99**	1.11
Alcoi	121.62	0.84	-21.76	1.05
Elx	96.87	0.67	-20.54	0.99
Ibi	127.44	0.88	-24.69	1.19
l'Olleria	179.01	1.24	-22.31	1.08
Ontinyent	145.49	1.01	-23.70	1.15
Castellón	218.69	1.52	-24.17	1.17
Vinarós-Benicarló	187.67	1.30	-27.97	1.35
Valencia Urban Region	**152.28**	1.06	-20.54	0.99
Valencia Metropolitan Area	152.83	1.06	-20.40	0.99
Outer Metropolitan Periphery: Carlet	130.99	0.91	-22.14	1.07
Outer Metropolitan Periphery: Chiva	185.15	1.28	-22.45	1.09
Outer Metropolitan Periphery: Alzira	141.54	0.98	-21.59	1.04
Other Urban Areas	139.67	0.97	-20.79	1.01
Alicante Metropolitan Areas	134.55	0.93	-18.92	0.92
Gandia Urban Area	155.53	1.08	-26.87	1.30
Xàtiva Urban Area	139.98	0.97	-21.78	1.05
Alicante Litoral	129.40	0.90	**-23.43**	1.13
VALENCIAN COMMUNITY	**144.26**	**1.00**	**-20.68**	**1.00**

Sources: Social Security data (<http://www.seg-social.es/Internet_1/Estadistica/Est/aaa/Afiliaciones_en_alta_laboral/Afiliaci_n__ltimo_d_a_del_mes/AfiliacionMunicipios/index.htm>) and our own calculations.

Table 10. Unemployment rate (% of the workforce) (Workforce: unemployed registered in employment offices and workers registered in the Social Security system) 2008-2012

	Estimated unemployment rate % of registered unemployed in the labour force (unemployed+workers)		Change 2008-2012	
	January 2008	December 2012	Growth rate (%)	Index (CV=1)
Industrial *clusters*	12.47	**30.18**	142.08	0.93
Alcoi	14.84	33.89	128.42	0.84
Elx	19.52	37.53	92.30	0.60
Ibi	13.84	32.67	136.01	0.89
l'Olleria	10.52	29.68	182.23	1.19
Ontinyent	10.61	27.64	160.45	1.05
Castellón	6.69	23.17	246.08	1.61
Vinarós-Benicarló	8.60	27.31	217.60	1.43
Valencia Urban Region	9.27	24.44	163.68	1.07
Valencia Metropolitan Area	9.17	24.27	164.80	1.08
Outer Metropolitan Periphery: Carlet	8.29	21.16	155.08	1.02
Outer Metropolitan Periphery: Chiva	9.41	27.65	193.68	1.27
Outer Metropolitan Periphery: Alzira	11.73	31.97	172.59	1.13
Other Urban Areas	9.80	24.75	152.43	1.00
Alicante Metropolitan Areas	9.34	22.95	145.85	0.96
Gandia Urban Area	10.33	28.70	177.85	1.17
Xàtiva Urban Area	12.20	29.89	144.98	0.95
Alicante Litoral	12.93	**30.79**	138.13	0.91
VALENCIAN COMMUNITY	10.53	26.60	152.62	1.00

Source: Social Security data (<http://www.seg-social.es/Internet_1/Estadistica/Est/aaa/Afiliaciones_en_alta_laboral/Afiliaci_n__ltimo_d_a_del_mes/AfiliacionMunicipios/index.htm>) and our own calculations.

Migration

The trends in economic activity and the labour market have been reflected in migration flows, to the extent that a significant proportion of these are motivated by job search. Before the crisis, Valencia was one of the Spanish regions most

attractive for immigrants (Table 11). Between 2006 and 2008, net migration into the region contributed to an increase of almost a quarter of a million people, leading to a high annual net migration rate (1.63%). The severe subsequent crisis and the consequent deterioration of the labour market have drastically reduced the inflow of immigrants into the region, while the outflows have increased; in the period 2009-2011 the region had a broad global balance and some territories showed net emigration.

Our territorial units here are local labour markets; we therefore consider that most of the observed external migration balances are related to labour market dynamics, since most of the migration attributable to residential processes is internal within each local labour market. The only clear exception to this approach is the coastal area of Alicante, where an important part of the migratory flows of external origin are clearly of the residential type.

The migration dynamics in the industrial clusters confirms the picture we have obtained from our analysis of economic activity and labour market, which serves to underline the clear relationship between these three processes:

a. In the years prior to 2009 the industrial clusters show an annual net migration rate of 1.52%, lower than the regional average (1.63%), distinguishing clearly the better dynamics in the north of the region (Vinarós furniture and Castelló-Vilareal ceramic), with a net migration annual rate of 2.10%, compared to much lower attractiveness of the southern districts (1.10%)
b. The intense crisis in these spaces can be felt from 2009 when they experienced sharper negative migration rates than those registered in the region as a whole (-0.19% versus 0.01%); again the Castelló-Vilareal district (-0.12%) showed better rates than the southern inland industrial clusters (-0.25%).

The main urban centres in the inland industrial districts have been losing population since 2009, as a result of the decline in net migration and a modest resident population growth. This is the case in Alcoi, Elda, Villena, Ontinyent and Ibi; only Elx continues growing because local population growth is compensating for the strong migratory losses. The demographic decline affects almost all important local labour markets in southern inland industrial districts. It is particularly noticeable in the districts of Elx, Ibi and Ontinyent. Only the Alcoi labour market shows a somewhat different pattern; this better recent performance may be related to its greater urban maturity and functional complexity, which would reduce its vulnerability to industrial crisis.

It seems clear that the dynamics of migration (both before and after the crisis) is also contributing to the erosion of the territorial balanced model and to the emphasis on the dichotomy between inland and coastal areas, particularly with regards to the southern half of the region. This is supported by the recent positive migration trends shown after the crisis in the Alicante Metropolitan Area and the coastal resorts of the Alicante province, in clear contrast to the inland industrial areas.

Table 11. Migration balances and economic crisis

	Inhabitants on 1st January			Migration balance		Net migration rate (annual)	
	2006	2009	2012	2006-08	2009-11	2006-08	2009-11
Industrial *clusters*	1233559	1305605	1308364	57938	-7586	1.52%	-0.19%
Alcoi	97729	99629	99028	1795	-388	0.61%	-0.13%
Elx	491468	515631	517589	17768	-3057	1.18%	-0.20%
Ibi	41729	43930	43647	1806	-586	1.41%	-0.45%
l'Olleria	12143	12863	12796	664	-106	1.77%	-0.28%
Ontinyent	78077	80949	79729	2354	-1418	0.99%	-0.59%
Castellón	442114	475900	478358	27734	-2231	2.01%	-0.16%
Vinarós-Benicarló	70299	76703	77217	5817	200	2.64%	0.09%
Valencia Urban Region	2004738	2090066	2097679	64532	-9342	1.05%	-0.15%
Valencia Metropolitan Area	1790297	1864355	1870978	54805	-8705	1.00%	-0.16%
Outer Metropolitan Periphery: Carlet	54317	57310	57330	2684	-227	1.60%	-0.13%
Outer Metropolitan Periphery: Chiva	39596	43416	44386	3547	778	2.85%	0.59%
Outer Metropolitan Periphery: Alzira	120528	124985	124985	3496	-1188	0.95%	-0.32%
Other Urban Areas	710283	753256	757896	35341	-342	1.61%	-0.02%
Alicante Metropolitan Areas	451027	476123	481589	19414	1394	1.40%	0.10%
Gandia Urban Area	174763	188461	187878	12052	-1463	2.21%	-0.26%
Xàtiva Urban Area	84493	88672	88429	3875	-273	1.49%	-0.10%
Alicante Litoral	502026	556078	567598	51377	10344	3.24%	0.61%
VALENCIAN COMMUNITY	4806908	5094675	5129266	242049	2074	1.63%	0.01%

Sources: Municipal Register of Population and Vital Statistics (National Statistics Institute) and our own calculations.

Concluding remarks

The main conclusion of this analysis is that the chances for industry to play an important role in the economic recovery of the region are limited. Valencian industry has been particularly hit by the current crisis, to the point that some of the

traditional sectors are simply on the verge of extinction like furniture and glass manufacturing, while others are severely affected, such as textiles, clothing and toys. By contrast, the ceramic and the rubber and plastics sectors have resisted the crisis better. The retreat and change in orientation of the industrial policy, along with the structural problems and defensive strategies adopted by a large part of manufacturing industry, have intensified the segmentation of the industrial firms and also limited the ability of traditional sectors to react positively. Moreover, although we can again see some recovery in exports, the intensity of the current crisis has prevented this positive process resulting in visible growth.

One interesting element is the increased resistance shown by the firms belonging to industrial districts, in comparison with firms in the urban areas, particularly in the urban region of Valencia. When manufacturing activity is considered in isolation, the "district" formula seems to perform relatively better than the "metropolitan" formula, at least as far as the current crisis is concerned. From a territorial point of view, the northern industrial districts of the region, the ceramic district of Castelló and furniture manufacturing in Vinarós have shown better resistance to the crisis. In the south, the best performing district is Ibi (toy and plastics). Taking into account the investment indicators, it seems that the situation is relatively better in those clusters that have developed successful auxiliary sectors (glazes and frits in the ceramic district, and rubber and plastics in the toy district), since the traditional main industrial sectors seem to be more strongly affected by the crisis and to lack alternative business strategies.

However, when we analyze how recent economic dynamics has resulted territorially, we note that highly specialized areas in the industry are in a significantly worse situation than urban areas, which enjoy a more diversified economy. The local global economic indicators (labour market, production, consumption and migration) show that, in a regional context of a poorer performance than the whole of Spain, the impact of the crisis on economic activity and consumption capacity seems to have been particularly intense in the southern inland industrial districts, while the urban region of Valencia, the Alicante Metropolitan Area and even the touristic Alicante coast are currently in a better global situation. This is particularly evident in relation to the labour market. The deterioration in the labour market in the industrial districts started in 2001, that is, prior to the crisis, and since 2008 has led to particularly strong regressive migration dynamics. Thus we now have a scenario in which unemployment in the industrial districts is higher than the regional average, only slightly below that in coastal tourist areas, and well above the values estimated for the main metropolitan areas. Again in this case we find significant differences between the north and south of the region regarding unemployment and population dynamics: only the ceramic district of Castelló shows less negative dynamics, while the rates in the districts in the south are worse than in the coastal touristic areas and much worse than in metropolitan areas.

Within this outlook, we can conclude that the territorial balanced model characteristic of the southern half of the region has been severely eroded. The pre-crisis trends deepened during the crisis, emphasizing the dichotomy between inland and coastal areas, especially in the southern half of the region. In this sense, the

traditional role played by industrial activity of territorial rebalancing in the southern half of the region seems to have reached its limits.

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4 Location determinants of migrant inflows: the Spanish case

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1. Introduction

Due to its geographic situation and climate, Spain has been traditionally a destination for people coming from rich European countries. Many North European citizens have chosen to live along the Spanish coast and enjoy the warm weather and highly developed social facilities. However, around the end of the last century, Spanish immigration patterns changed: the largest numbers of immigrants were not attracted by the good weather so much, but by employment opportunities. During the years before the crisis, the economic growth model in Spain focused mainly on the construction industry, leading to an incessant demand for unskilled labour, especially in regions where the construction had a higher impact (the Mediterranean provinces and Madrid). The high economic growth rates in these years and the particular economic growth model attracted immigrants with different expectations to those who came in previous decades. The new residents were seeking now employment opportunities that they could not find in their home countries.

In this work, we focus on the location-decision problem that potential immigrants face before locating to a new destination, considering the economic and geographical differences across alternative destinations. We analyze this question for 50 Spanish provinces. Most of the literature related to this issue has studied the determinants of immigration flows at country level (see, for instance, the work by Pedersen et al., 2008 and Longhi et al., 2009). Studies on international migration on a regional scale are much scarcer.

A common finding in the migration literature refers to the existence of agglomeration or network effects. The immigrant seems to adopt a self-selected spatial choice behaviour that leads to geographical clusters in relation to different features: tourism, labour market, education, among others. Thus a location migration

map will show a spatial pattern of immigrants in relation to origin, reinforcing the importance of agglomeration economies.

Theoretically, the literature on the location and agglomeration economies of firms linked to the New Economy Geography (NEG) is a good reference for explaining network effects in the location of foreign workers (Mendoza et al., 2011). In this regard, the NEG offers an explanation of regional forces that attract or repel foreign firms or workers through agglomeration and congestion economies (Fujita and Thisse, 2002).

From an empirical point of view, many studies attempt to analyze the impact that a foreign population has on the destination economy. These works focus on the explanation of immigration-based economic development, as immigration is viewed as a dynamic engine of economic activity with the intensity of this effect relying on the characteristics of the destination region. Authors like Ortega and Peri (2009) and Longhi et al. (2009) show the impact on productivity as well as the social consequences of immigration flows.

In this paper, however, our approach is made from the standpoint of the immigrant. In particular, we analyze the location decision of immigrants who have first decided to leave their country in order to locate in a Spanish province. What are the economic and geographical determinants that lead an agent to prefer one region to another? To answer this question, we estimate count variable models with panel data. The findings confirm our central hypothesis that agglomeration and congestion economic forces play an important role in explaining the location decision of immigrants in Spain. Other regional factors related to immigration flows are the productive structure of the territory, the situation of the labour market and the urban nature of the region.

This study focuses on the main migration groups at provincial level (NUTS-3). Concretely, we analyze the inflows of total immigrants for the period 1998-2011. The data come from residential variations in the Spanish Census. The geographical disaggregation level corresponds to the province (NUTS-3).

The paper is structured as follows. Next, we present a brief review of the empirical literature in foreign people's location choice. Section 3 describes the recent migration trends in Spain. Section 4 presents the econometric analysis and results. In Section 5, we conclude.

2. Empirical literature

Many empirical studies on worker flows support a strong impact of migration on local development in the destination areas (Akbari and Harrington, 2005; Chiswick and Miller, 2004; Chiswick et al., 2002; Funkhouser, 2000). Some studies show very interesting links between immigration and productivity (Peri and Requena, 2009, Ottaviano and Peri, 2012) and the development of new commercial networks (Combes et al. 2005, Rauch and Trindade 2002, Peri and Requena, 2009). A recent study of towns and cities in Great Britain reveals, for instance, that immigration boosts productivity and the salaries of highly qualified native workers, but does not affect property prices (Nathan, 2011).

However, studies that analyze the location determinants of immigrants are less frequent. From an economic point of view, the explanation of a new migration destination would typically rely on the study of wage differences between the origin and destination areas, particularly when the focus is on worker flows from poor to rich countries, as neoclassical migration theory suggests (see, for instance, Lewis, 1954, Harris and Todaro, 1970 and Todaro, 1989). Similarly, the new economics of labour migration emphasizes the importance of wage differences as can be seen in Stark and Bloom (1985) and Stark (1991).

More recently, however, empirical works have paid special attention to non-economic factors in the explanation of migration flows. According to Zavodny (1997), for instance, a number of non-economic factors, like environment, climate, language and aspects of cultural distance are also highly significant in the migration decision. Networks effects may also play an important role in immigration flows, as pointed out by Munshi (2003). According to this author, the presence of an ethnic group may induce further immigration from the same group, as it may help to reduce the costs of acquiring information and jobs in the destination country. Pedersen et al. (2008), in their analysis of international migration flows into OECD countries, focus on the role of networks (measured as the stock of foreign population) in immigrants' location choice. They consider two groups of location determinants in particular: economic conditions, like differences in labour market conditions, and non-economic conditions, such as differences in quality of life or recreational opportunities.

The importance of social networks in migration flows has been considered on many occasions in recent years. For Granovetter (2005) and Mckenzie and Rapoport (2007), social networks play a crucial role in the decision to emigrate. According to Massey (1990a, 1990b), the concept of family reunification no longer refers only to the father, mother and children, as the idea of reunification has been expanding and amplifying through the "calling effect" to other relatives and friends. In addition, Anderson et al. (2009) considers that groups created from neighbourhood associations should be taken into account as they also generate a pull on the migrant population

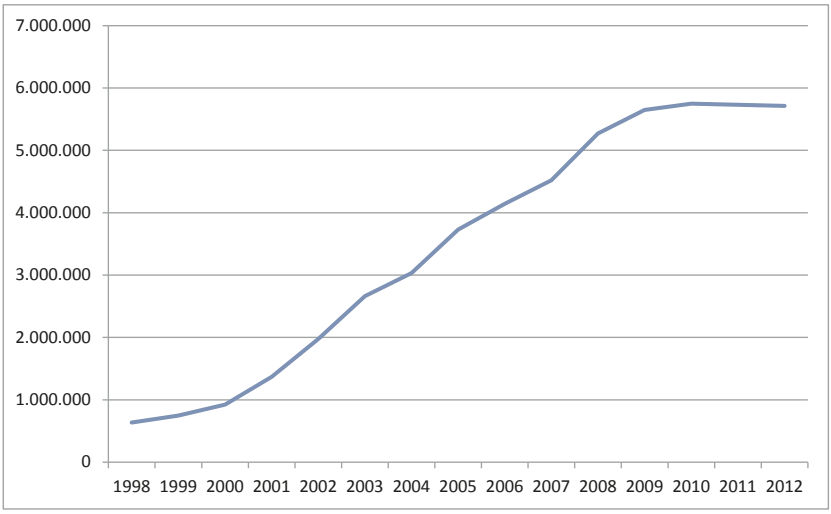
Studies on the determinants of migration flows in Spain have proliferated in recent years. Aparicio and Tornos (2005), for instance, investigate the role of networks as a determinant of immigration. For these authors, the information that comes from family or friends about the destination region is relevant in foreign people's location choice. Carrasco et al. (2008) analyze migrant flows in Spain taking into account labour market conditions as well as the impact that foreign people have on native workers. Vidal et al. (2012) also focuses on the labour market, considering sectorial activities and differences between provinces.

In this paper, we evaluate the location determinants of immigration in Spain considering non-economic and economic factors. We pay special attention to social networks and the labour market environment as well as the sector composition of productive activity as one of the location factors that has been decisive in modifying migrant flows in the last decade. We believe also that a study at provincial level can lead to more promising results in this area of research.

3. Description of Migration

For various reasons, Spain has been traditionally an origin country of migrants since the discovery of America. It was not until the 21st Century that the stock of foreigners residing in Spain exceeded Spanish nationals living elsewhere in the world (VV.AA., 2007). Despite being a net recipient of immigrants for such a short time the volume of entries in Spain has been extraordinary, leading to deep social, economic and cultural change. The recent evolution of foreign resident numbers confirms the significance of this phenomenon (Bernat, 2013, p. 26). During the years before the economic crisis, Spain became one of the main destinations for international migration (Marcu, 2007). Specifically, in 2003, 2004, 2006 and 2007, it was the second destination in the world (after the United States), and in 2005 and 2008 the third (SOPEMI-OECD, several years).[1]

Figure 1. Annual change in foreign residents in Spain. 1998-2012



Source: Padrón Municipal de Habitantes[2] (National Institute of Statistics, INE).

As can be appreciated in Figure 1, since 1999, immigration flows in Spain began to increase significantly, with over 900,000 entries in 2007. However, as a result of the economic crisis, the entrance of foreign citizens has dropped significantly since 2008, while the exits of migrants have unceasingly increased.[3]

1. The rising relevance of immigration in Spain has led to more analytical literature on the matter (see, for instance, Corrochado, 2010 and Manrubia, 2010).
2. The 1996 figure is for 1st May, the rest is at 1st January. The 2012 amount is provisional.
3. Nowadays it seems that the migration balance in Spain is already negative.

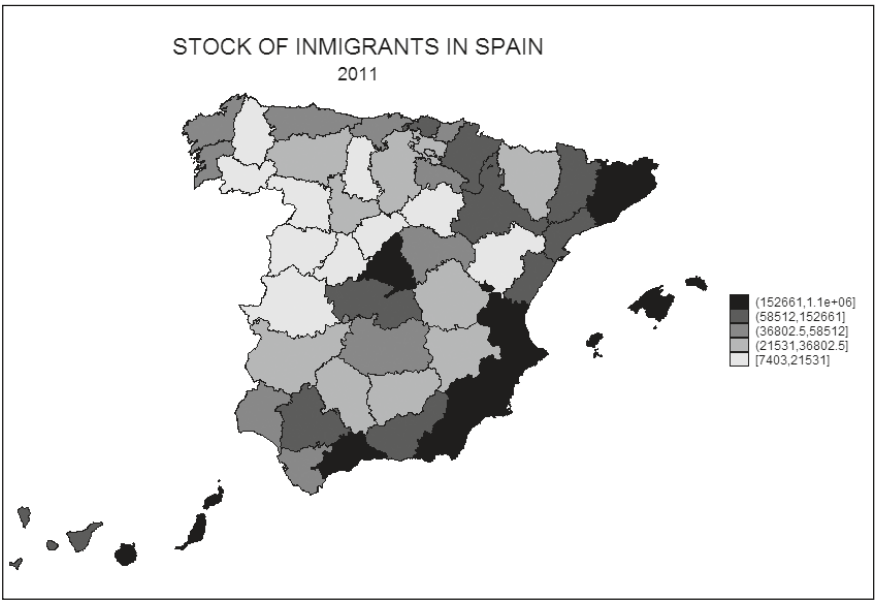
Despite the massive entrance of foreigners, the spatial distribution of this immigration is very irregular, as it already was in the initial stages of this process (Gónzalez and De Lázaro, 2005). As can be seen in Figure 2, foreigners are concentrated in certain regions with little presence elsewhere. Indeed, immigrants are far more polarized geographically than citizens with Spanish nationality. The province with the largest presence of foreigners is Madrid, with more than one million immigrants (according to the census of January 1, 2012), followed by Barcelona (with nearly eight hundred thousand). Then comes Alacant, with almost half a million, followed by Valencia and Almería. More than half of all citizens in the country without Spanish nationality are concentrated in these five provinces. In fact, they concentrated more immigrants than the other 45 provinces. The following provinces in decreasing order of foreigners are: Malaga, Illes Balears, Murcia, Girona, Palma, Almería, Santa Cruz de Tenerife, Tarragona, Zaragoza and Castelló. These two groups already account for over 75% of foreign residents. As already mentioned, the concentration of immigrants is more pronounced than that of natives, as 12 provinces concentrate 50% of the natives whereas 12 provinces concentrate 75% of immigrants.

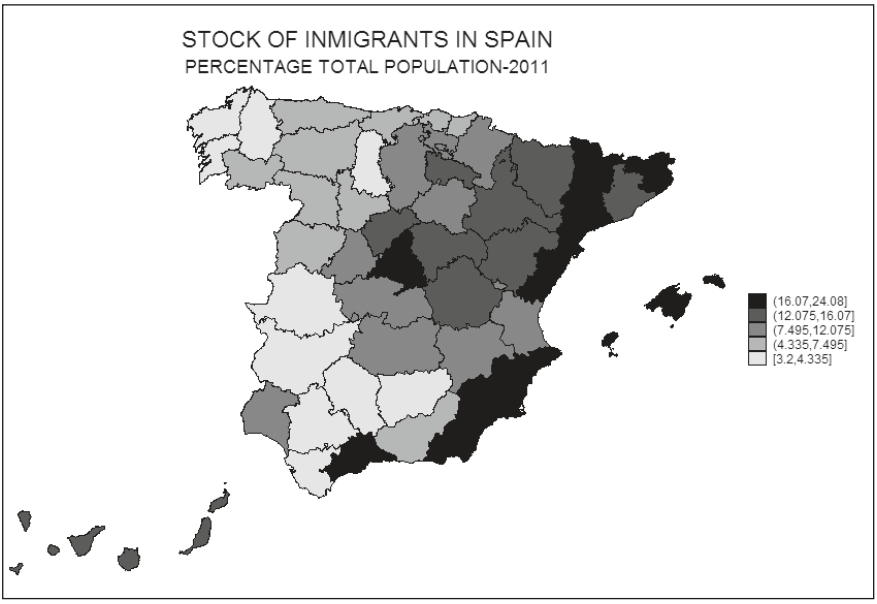
If we observe the foreign population rate, rather than the absolute values of total immigrants, the resulting map presents a similar appearance (bottom part of the Figure 2). With an average of 12.1% immigrants in Spain, Alacant has 24.3%. Almeria, the Illes Balears and Girona are also above 20%. Lleida, Tarragona and Castelló exceed 18% and Malaga (17%), Murcia (16%) and Madrid, Guadalajara and Santa Cruz de Tenerife are all above 15%.

In contrast, a large group of provinces has a scarce presence of foreigners. Concretely, in fifteen provinces the proportion of foreigners with respect to the total population is less than half the average for the whole country. The provinces with minimal presence of foreigners are (in ascending order): Córdoba, La Coruna, Jaén and Badajoz, with less than 4%; Cáceres, Cádiz, Lugo, Pontevedra, Sevilla, Palencia, Zamora and Asturias, with a share between 4% and 5%, and Salamanca, Ourense and Leon, with a share ranging from 5% to 6%. In short, while there is a strong immigrant presence in part of Spain, it is negligible in the rest. Therefore, we cannot strictly speak of Spain as a country of immigrants, since while some provinces have received large numbers of foreigners others have had little capacity to attract immigrants. As the above figures show, the island territories, the Mediterranean and Ebro axis and Madrid area are the territories with the most immigration, while the Cantabrian coast and the rest of mainland in Spain has benefited little from these flows.

It is also interesting to know the distribution of immigrants based on the rural or urban character of the chosen location. The Population and House Census (November 1, 2011) shows the population distributed in ranges according to the inhabitants of all towns, distinguishing between Spanish and foreign residents (see Table 1). Although these figures show that immigrants tend to locate more in urban centres and that their presence in villages with few inhabitants is small, the differences in relation to the native population are minor in most sections. Only medium-sized towns (from 50,000 to 100,000) show significant differences.

Figure 2. Provincial distribution of foreigners in Spain. 2011





Source: Own Elaboration.

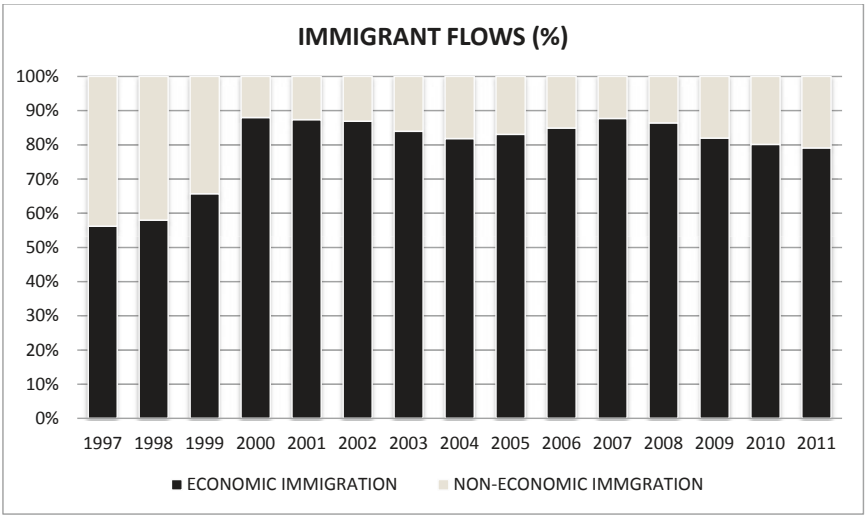
Table 1. Distribution of the population in 2011 by nationality and number of inhabitants

	Total	Spanish	Foreigners	Total	Spanish	Foreign	Total	Spanish	Foreign
Total	46,815,916	41,563,443	5,252,473	100	100	100	100	88.78	11.22
In towns with less than 101 inhabitants	68,065	65,375	2,691	0.15	0.16	0.05	100	96.05	3.95
In towns from 101 to 500 inhabitants	675,648	637,933	37,714	1.44	1.53	0.72	100	94.42	5.58
In towns from 501 to 1,000 inhabitants	753,758	699,284	54,473	1.61	1.68	1.04	100	92.77	7.23
In towns from 1,001 to 2,000 inhabitants	1,313,798	1,217,181	96,617	2.81	2.93	1.84	100	92.65	7.35
In towns from 2.001 to 5.000 inhabitants	3,161,478	2,891,782	269,697	6.75	6.96	5.13	100	91.47	8.53
In towns from 5,001 to 10,000 inhabitants	3,877,467	3,519,028	358,439	8.28	8.47	6.82	100	90.76	9.24
In towns from 10,001to 20,000 inhabitants	5,131,973	4,572,353	559,620	10.96	11.00	10.65	100	89.10	10.90
In towns from 20,001to 50,000 inhabitants	7,422,185	6,508,567	913,618	15.85	15.66	17.39	100	87.69	12.31
In towns from 50,001 to100,000 inhabitants	5,857,902	5,073,345	784,557	12.51	12.21	14.94	100	86.61	13.39
In towns from 100,001to 500,000 inhabitants	11,014,339	9,845,768	1,168,570	23.53	23.69	22.25	100	89.39	10.61
In towns with more than 500,000 inhabitants	7,539,304	6,532,826	1,006,477	16.10	15.72	19.16	100	86.65	13.35

Source: Own elaboration from the Population and Houses Census (November 1, 2011, INE)

Another feature of the foreign immigrant population during the analyzed period concerns to the origin countries. In the years previous to the economic expansion, the rate of foreigners coming from rich countries and those arriving from countries with lower economic development were similar. That is, it seems that there was a balance between populations emigrating for economic reasons versus those who changed country due to other factors. But at the beginning of this century, as noted above, the demand for labour in the construction industry increased and this caused a change in the type of immigration, increasing the percentage of entries from countries with lower levels of income per capita. Figure 3 shows the percentage change between non-economic and economic immigration during the analyzed period.[4]

Figure 3. Percentage of foreign immigrants in Spain by level of development of the origin country



Source: Own Elaboration.

According to Figure 3, most foreigners came to Spain looking for a job to improve on the living conditions they had in their country of origin. This explains why those who migrate to Spain, in most cases, are of working age. With respect to their professional status, most of them are employees outside the public sector.

By sectors, immigrants have been largely employed in services, followed by agriculture, construction and industry. Indeed, before the crisis, the highest concentration of foreign employees was in construction, followed by the primary sector and some services. Specifically, according to the EPA (Labour Force Survey) of the fourth quarter of 2007, foreigners accounted for 24.3% of total workers af-

4. The classification between non-economic and economic immigration was made based on the Human Development Index (HDI) calculated from the UNCTAD database.

filiated to Social Security in the construction industry, 18.7% in agriculture, 17.1% in trade and catering and 9.1% in industry. In public administration, education and health activities, foreigners only account for 3.2% of the employees. It is worth noting that most household employees were non-residents (61.6% at December 31, 2007. See Pajares, (2008), pp. 44-46).

4. Econometric Analysis

4.1. Data and econometric methodology

In this section, we estimate the location determinants of immigrants in Spain through panel data models for count variables (that, as well known, describe the number of occurrences or events). We do that taking into account economic and geographical territorial differences as well as the presence of agglomeration clusters. We distinguish between three groups of regional characteristics: (i) economic development and wage differences, (ii) urban and sectorial factors, and (iii) social networks. The database used in this work, classified by destination region (province, NUTS-3) is from the Residential Survey (INE). The panel contains observations of inflows in 50 Spanish regions between 1998 and 2011. Accordingly, we have a set of 700 balanced observations. For each destination region, we also use information about the stock of immigrants.

The estimation methodology uses Poisson regression and the negative binomial model for robustness. In many branches of the recent empirical literature, Poisson regression has been the most common modelling framework used with count data (see Greene, 2011). However, the Poisson model has an important drawback. It assumes that the variance of the random variable is equal to the mean and this is not always a real assumption, especially in models for migration movements. These models frequently present overdispersion, that is, the conditional variance is larger than the conditional mean. As a consequence, standard errors and probability values from the Poisson regression are too low, leading to find significant relationships too often. To overcome this restriction, we employ a more flexible specification, the negative binomial (NB) model, which generalizes the Poisson regression model by introducing a dispersion parameter.

Consistent with a utility-maximization behaviour, we assume that a potential immigrant facing a set of alternative potential destinations in Spain will select the Spanish province which provides the highest utility, all else being equal. Thus, immigrants' decisions to choose a specific province will depend on many factors related to the potential destinations (X_i).

In the Poisson regression, these location factors (X_i) affect the probability that Y is equal to a number of occurrences, y_i, in the following way:

$$Prob[Y = y_i|X_i] = \frac{e^{-\mu_i}\mu_i{}^{y_i}}{y_i!}$$

where the estimated mean μ_i is assumed to be logarithmically linked to a linear combination of *explanatory* variables.

$$\mu_i = e^{(\alpha + X_i'\beta)}$$

As mentioned previously, the main characteristics of the Poisson model are the loglinear conditional mean function and equidispersion that implies that variance equals the mean.[5] In consequence, any factor that affects the mean will also affect the variance. That is,

$$E[y_i|X_i] = Var[y_i|X_i] = \mu_i$$

This assumption, however, is relaxed in the NB model through the introduction of latent heterogeneity in the conditional mean of the Poisson model:[6]

$$E[y_i|X_i, \delta_i] = e^{(\alpha + X_i'\beta + \delta_i)} = h_i\mu_i$$

where δ_i is the dispersion parameter and $h_i = \exp(\delta_i)$ is assumed to have one parameter gamma distribution with mean 1 and variance $1 / \theta = \kappa$.
The latent heterogeneity introduces overdispersion but preserves the conditional mean as in the Poisson model. That is,

$$E[y_i|X_i] = \mu_i$$

$$Var[y_i|X_i] = \mu_i[1 + (1/\theta)\mu_i] = \mu_i[1 + \kappa\mu_i]$$

In this work, we estimate both the Poisson model and the NB regression considering a set of explanatory variables that take into account not only economic issues but also geographical factors and networks effects. Our base model includes (in addition to the constant term) the following variables:

$$X_{it} = (gdppc, unem, coast, popdens, urbanpop, foreignpop)$$

All regressions also contain a set of year dummy variables, year1999, year2000, year2001, year2002, year2003, year2004, year2005, year2006, year2007, year2008, year2009, year2010, year2011, to account for common time shocks.

Following previous empirical works,[7] we first introduce the (log) level of per capita GDP, *gdppc* as an explanatory variable. This variable has been used as a measure of both economic development and mean wage. Accordingly, a higher value of this variable is associated with greater income opportunities which will

5. For more detailed information on the Poisson model, see Winkelmann (2003) and Greene (2011).
6. See Cameron and Trivedi (1998) and Winkelmann (2003) for a deep discussion of these models.
7. See, for instance, the works by Pedersen et al. (2008) and Mayda (2010).

predictably lead to the attraction of new immigrants. For Mayda (2010), income opportunities in the destination country significantly increase emigration rates.

We control also for labour market conditions by introducing the unemployment rate at regional level, *unem* in our regressions. The hypothesis is that a higher unemployment rate in the destination provinces will discourage immigration flows, as immigrants searching for job opportunities will choose regions with a lower unemployment rate (Schneider, 2008). The importance of this variable for immigration has been emphasized on many occasions. See, for instance, the works by Harris and Todaro (1970) and Pedersen et al. (2008).

Probably due to the employment opportunities that tourism generates and the greater tolerance of their population to other cultures (as they are more used to living with foreigners), the coastal provinces in Spain have traditionally received more immigrants that those without a seacoast (see Figure 2). In this regard, we cannot ignore the importance of tourism for the Spanish economy as the world's second largest tourism earner. To control for this effect, we have included in our regressions the variable *coast* that equals 1 if the province is on the coast and zero otherwise.

As demographic determinants of immigration flows, we have added population density (*popdens*) and the percentage of urban population (*urbanpop*) in the destination province. As shown in the previous section, a significant rate of foreign population is located in provinces with large populations, such as Madrid and Barcelona. With the introduction of population density (measured as the number of inhabitants per area, km^2), we try to evaluate if this is a regular pattern in Spanish immigration flows. Immigrants may also take into account the rural or urban nature of the territory in the location decision. Although this factor seems to be more relevant when we consider this issue at town level than at province level, we have introduced the number of immigrants that choose a city with more than 20,000 inhabitants as a proxy of the level of urbanization. The urban nature of a region could be related to better quality infrastructures and public services, like education and health, as well as to greater job opportunities.

Additionally, as our main regressor, we have included the existing stock of foreign population in each province, *foreignpop*, to account for network effects. Social network factors can be described as agglomeration economies that arise due to the presence of foreign population. Spillovers emerge as a consequence of the structures or networks that built the stock of immigrants in the destination region. Through these networks potential immigrants receive information about the destination country. Thus immigrants already living in the destination country may reduce the cost of acquiring information on living in the new destination and how to get a job. Accordingly, we expect a higher stock of immigrants to cause higher immigration flows too. This variable has been measured here as the log of the stock of foreign population living in the region. Other authors that use this variable as an indicator of these network externalities are Zavodny (1997), Munshi (2003) and Pedersen et al. (2008).

The sectorial composition of the province also seems to play an important role in potential immigrants' choice of destination. Different kinds of immigrants may search for different sectors in which to be employed. Taking this into account, in our work we have further estimated an extended model to which has been added

the percentage of jobs in agriculture, industry and construction with respect to total jobs. In all regressions, we include province fixed or random effects in order to capture unobserved time constant factors influencing immigration flows.

4.2. Empirical Results

In Table 2, we present the estimations of the location determinants of immigrants in Spain for the period 1998-2011. We first estimate the basic model, as shown above, through fixed effects Poisson regression (Column 1). Then, Columns (2) and (3) provide estimations of the negative binominal models with random and fixed effects, respectively. Finally, we include the rate of employment in various sectors, agriculture (*agric*), industry (*ind*) and construction (*construct*), to investigate if the sectorial composition of the destination province matters in immigrants' location decisions. Columns (4) and (5) show the results of this extended model with fixed and random effects, respectively. The service sector has not been included given the high correlation between the *coast* variable and the employment rate in services that can be explained by the higher share of employment in tourism in the coastal provinces.

Table 2. Location determinants of immigration flows in Spain. 1998-2011

Variable	Poisson (1)	NB RE (2)	NB FE (3)	NB RE (4)	NB FE (5)
gdppc	2.0275***	-0.0374	-0.0517	0.0482	0.0584
	(0.0171)	(0.2388)	(0.2521)	(0.2566)	(0.2696)
unem	-0.0020***	-0.01442***	-0.0137***	-0.0119**	-0.0113**
	(0.0002)	(0.0047)	(0.0048)	(0.0048)	(0.0049)
popdens	-0.0001***	-0.0001	-0.0001	-0.0000	-0.0001
	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)
urbanpop	-0.0027***	-0.01287***	-0.0167***	-0.0121***	-0.0157***
	(0.0003)	(0.0029)	(0.0030)	(0.0030)	(0.0031)
coast	0.3447**	0.3542***	0.2527**	0.3443***	0.2396**
	(0.1522)	(0.1075)	(0.1217)	(0.1089)	(0.1234)
foreignpop	0.4302***	0.2864***	0.2427***	0.2755***	0.2310***
	(0.0026)	(0.0387)	(0.0395)	(0.0391)	(0.0399)
agric	-	-	-	0.0004	0.0026
				(0.0060)	(0.0059)
ind	-	-	-	0.0014	0.0020
				(0.0054)	(0.0055)
constr	-	-	-	0.0156**	0.0158**
				(0.0071)	(0.0072)
Obs	700	700	700	700	700
Ln *L*	-223013	-6016.46	-5391.00	-6013.84	-5388.41

*Standard errors are in parentheses. * p<0.10, ** p<0.05, *** p<0.01.*

The estimations from the Poisson model reveal a strongly significant coefficient on *gdppc*. However, in the NB regression the coefficient on this variable, although positive, is not significant. This result might be related to the fact that the level of income per capita may be capturing greater employment opportunities but also a higher cost of living (rent housing, food, services, etc.). Thus, the role of this variable in attracting immigrants is unclear and it will depend on which of these two effects dominates. We can further attribute this lack of significance to a statistical effect, since the entry of foreign population also implies an increase in the denominator of the GDP per capita ratio.

According to the NB regressions, population density does not seem to have a significant influence on the location decision either; although territory effects could be distorting this result. For some provinces there may be job opportunities in very specific areas which can attract immigrants, while the rest of the territory may be virtually unpopulated, as is the case of Albacete, Teruel, Cuenca, Guadalajara, Toledo and La Rioja. Similarly, areas with low population density can act as an appealing factor for immigration flows.

As expected, our results confirm that unemployment rate exerts a significant negative impact on migration inflows. The estimations reveal a highly significant negative coefficient for this variable. This outcome agrees with the idea of an immigrant population attracted by job opportunities not found in their origin country. Even though in the last two regressions the significance of *unem* slightly decreases, this may be justified by the inclusion in these estimations of the sectorial variables that already control for the employment rate across sectors.

Urban population percentage, however, reveals unexpected results, being significant, but with a negative sign. In view of the fact that an important percentage of the cities with over 50,000 inhabitants in Spain are located on the coast, this outcome might be revealing the greater weight of the coastal nature of these provinces in the attraction of immigrants. The provincial nature of our data might also mask the greater attraction that large urban centres may have for foreign workers.

The result of the coast dummy variable is unsurprising. It has a positive and strongly significant coefficient in all regressions, thereby confirming our expectations that coastal provinces attract more foreigners than inland provinces. The concentration of economic activity, tourism and construction in these provinces justifies this tendency. The greater stock of immigrants in this area (already notable before the massive entry of foreigners in the early 21st Century) has also been favoured by the presence of social networks, accentuating its positive effect.

Our results certainly support the initial hypothesis that the stock of foreign population leads to an increase in the flows of immigrants. The coefficient on *foreignpop* has a large positive effect on the location of immigrants. The result is very robust as it is confirmed in all regressions. As for the magnitude of this effect, we note that social networks have even a higher ratio than the variables that capture labour market conditions. This result is in line with other studies that show that once pioneers have located, they attract relatives, friends and fellows generating a multiplier effect.

As noted previously, the pattern of immigration flows changed in Spain during the study period mainly due to the construction industry's growing importance in

the production model as a result of the property bubble. Therefore, it is expected that regional differences in relation to productive sectors partially explain foreign population preferences for a particular province. Our results confirm this idea as the estimate coefficients show that agricultural and industry are not significant, whereas the construction industry is highly significant and with a positive sign. This result agrees with the different percentages of foreign immigrants in each sector, as seen in Section 3. The importance of the contribution of immigrant labour in the primary sector is seasonal and based on the cycles of harvests. Immigrants find it more difficult to get jobs in industry because the sector is more protected. The expansion of the construction industry in the late 20th and early 21st Century and the lack of domestic labour meant that immigrant workers were needed. Thus, according to the estimation results, the immigrant population selected the territories where the productive activity of the construction industry was higher.

5. Conclusion

At the beginning of this century, and as a result of the economic growth model of the Spanish economy, the pattern of immigrant flows in this country changed in quantitative and spatial terms. Firstly, Spain changed from being an eminently labour exporter country to become one of the main destinations for migrants worldwide, leading to deep social, economic and cultural change. A consequence of this spectacular economic growth also seems to be a change in origin countries, with immigrants coming now predominantly from countries with underemployed labour.

However, foreign workers are not uniformly distributed across Spanish provinces. They have been quite selective, concentrating on certain regions with scarce presence in the rest. Therefore, we cannot strictly speak of a country of immigrants but of a set of regions attracting a foreign population. Thus, we consider that a better understanding of the nature of migration flows in Spain requires a more disaggregated study of this phenomenon.

Accordingly, in this paper, we have analyzed empirically the location determinants of immigrants in Spain at a provincial level. In this study, we consider non-economic and economic factors. Given the importance that the empirical literature has traditionally attached to network effects in the explanation of migration flows, we pay special attention to the role of agglomeration economies. According to this literature, the creation of networks enhances the attraction for new immigrations by facilitating settlement and job searching.

Our empirical investigation confirms the existence of these social network effects on migration flows in Spain during the analyzed period. The estimation results are quite robust showing that the spillovers the stock of immigrants creates attract foreign workers that try to benefit from these agglomeration economies.

The estimations also reveal that labour market conditions are an important determinant in immigrants' location decisions. Specifically, we observe that productive activities that demand more low-skilled labour, such as construction and tourism services, seem to be those that also attract greater flows of foreign workers. Moreover, as the regions where these activities are more important have tradi-

tionally also been major recipients of immigrants, the existence of agglomeration economies in these areas seems to reinforce this behaviour.

To conclude, the major transformation in the productive structure experienced in Spain during the pre-crisis period (due to the property bubble) has favoured the entry of a new type of immigrants that seek to improve their working conditions. Both the previous existence of agglomeration centres of immigrants and the dynamic productive activity of the coastal provinces has led these regions to become a favourite destination for foreign workers.

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5 Heritage, image and territorial competitiveness: a new vision of local development?

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Introduction

The attention that has been paid to patrimony for the past several decades is the effect of postmodernism and post-structuralism, which denies the virtues of Reason and of functionalism as promoted by modernity. Patrimony is viewed as the principal resource upon which a community can construct its prosperity and the future of the territory that belongs to it. In Romania, an awareness of identity-related heritage, of its having a value that is both symbolic and of practical usefulness for development, is the preserve of an elite that still forms a very small minority. In large cities, the main threats to the preservation of patrimony are property and real-estate speculation and the fact that the authorities have only a limited ability to stand up to it. In smaller towns and in the rural environment, patrimony is affected by isolation and by being abandoned, by the pressure of competition from foreign models, and by a lack of skills and resources.

In Romania, when patrimony is clearly defined, it is viewed primarily as a resource with tourist development potential and secondly and indirectly as a resource for the improvement of the global success of society. The alternative perspective, which seeks to exploit heritage as a *framework for life*, is as yet little recognized. The idea that a territory can be revitalised by means of the force of attraction that patrimony of high quality exerts upon the factors and mechanisms involved in development is still an *embryonic concept*. Despite this, many local communities are seeking for symbols, badges of nobility and prestigious origins with the aid of which they hope to be able to put themselves on the map

and achieve renown. Will the spread of this process of patrimonialisation end in these attempts (and patrimony itself) becoming something banal? Or will we witness a kind of selective, hierarchical evolution in which the places with the greatest prestige will establish themselves as such while other communities and areas that are less well endowed from the point of view of patrimony will develop on the basis of different factors?

More and more frequently, the exploitation of an area's patrimony can be seen to be one of the growth factors contributing to its economic and social development. Now patrimony, a social construct linked to the history of every society, is the result of a complex process of patrimonialisation. This process assumes forms that differ widely from one area to another, as does the combination of processes that make human development possible. Consequently, any analysis of the relationship between patrimony and development presupposes the taking into consideration of the great diversity that exists in these two phenomena of patrimonialisation and development.

1. What is patrimony?

To answer this question, in the context of the relationship between patrimony and development, we start out from *the hypothesis that the idea of patrimony is as yet insufficiently well understood by those whose role it is to manage patrimony and include it in local development plans.*

In its origins, the idea of patrimony referred to "family goods" which belonged, as private property, to the "head of the family" (*pater familias*) and which formed the object of "natural" transmission to his successors. This sense of the word is still current today, but from the eighteenth century onwards it has taken on a richer and more comprehensive meaning, that of assets of broad public interest that have potential for shared use, with the members of the community, nation etc. that owns them being, as it were, collectively trustees of them.

The idea of *transmission* is, in our days, fundamental to concepts and policies for long-term development. Transmission between the generations finds its support precisely in the definition of the environment as patrimony, in the sense of a guaranteed and equitable transfer of shared resources and possessions, both social (goods and values pertaining to culture) and environmental (living and non-living resources), to future generations (Di Meo, 2006).

The twofold semantic signification of *patrimony* (private, public) can lead to confusion and even to conflicts when the interests of a private owner come into collision (clash) with those of a community which regards the goods in question as being of *significant public interest*. In Romania, conflicts of this kind are extremely widespread and even constitute a systematic obstacle to the process by which her heritage, be it urban or rural, cultural or environmental, can realise its potential as patrimony.

During the Middle Ages, public patrimony included only *material goods* that were capable of being inherited. Later, this material patrimony was joined by an *immaterial component*, purely symbolic in nature, which consisted of ideals,

beliefs and traditions, knowledge, ideas, know-how, practices, techniques, etc. (Lazea, 2012). Patrimony therefore establishes an intergenerational tie whose origins are lost in the early history of the human race but whose meaning is oriented towards the future. Patrimony "contains the possibility of a future, which increases the extent to which it is a strategic stake in the world: social, cultural, economic, symbolic and, of course, territorial" (Di Meo, 2008). Patrimony thus becomes one of the most valuable marks of identity that any community possesses, because it encompasses within itself all that each generation regards as worth preserving, out of what their forebears in turn entrusted to them.

Identified and made the object of official inventories in the course of the nineteenth century, when it comprised precious historic buildings and collections of exceptional and irreplaceable artefacts, particularly in and from the developed world and the acknowledged cradles of the various Mediterranean civilisations, patrimony has been expanding its range ever since, from the sacred to the profane and from material goods to a knowledge of vernacular culture and the conservation of the environment. Beauty and uniqueness are no longer, as was once the case, the only valid criteria for something to be granted patrimony status. Today anything can become patrimony, from humble relics of everyday traditional life to individual ecosystems. "The broadening of the categories of patrimony has involved a chronological direction (from the past towards the present), a topological one (from the occasional to the general) and even a process of conceptual expansion" (Heinich, 2009). In line with this, the status of property that forms part of the patrimony is no longer the sole preserve of "objects that have lost their value as useful things" (Leniaud, 2002).

On the other hand, the once very widespread assumption that the realisation of the potential of something as patrimony inevitably involved some kind of sacrifice for the community concerned (Babelon, Chastel, 1981), or that it presupposed a limiting of the productive value of the areas under consideration (<http://www.isee2012.org/anais/pdf/700.pdf>), is no longer acceptable either. Many writers have highlighed the fact that, on the contrary, the presence of assets classed as patrimony can function as a source of local development, through a multiplication of the added value it brings, the achievement of a more individual character for the area, and a consequent growth in its appeal and competitiveness (Harvey, 2007, Pecqueur, 2000, Popa, 1999 etc.).

Contemporary cultural theories regard *Patrimony* as being composed of *cultural patrimony* and *natural patrimony*, with the two components complementing each other in a harmonious way and even at times forming combined sites/areas of cultural and natural patrimony. Together, the two sub-domains constitute the legacy that each generation leaves to its successors. In this logical scheme, the cultural patrimony sub-domain is comprised of the *material cultural patrimony* –that of buildings (historic monuments) and that of objects (in particular, cultural goods in museums and collections)– and the *non-material cultural patrimony*.

These categories of patrimony, which are codified in European directives, have been taken into Romanian legislation as part of the *acquis communitaire* and embodied in numerous laws, decrees, Government ordinances and decisions and

ministerial directives, to a total of 83 sets of regulations.[1] The result is a jungle of different pieces of legislation that are difficult to correlate in such a way as to guarantee good management and protection for Romania's national patrimony. Study of these regulations makes it clear that, in terms of legislation, Romania's understanding of patrimony is comprehensive and in accordance with current EU norms, which appears to contradict the hypothesis that we initially advanced. However, even if collating and comparing the various regulations gives us the impression that almost everything is in place at the legislative level, observation of the way in which property and assets with the status of natural or cultural patrimony are actually being protected reveals numerous weaknesses in the system for conserving and promoting them, with multiple instances of incoherence, lack of interest, and lack of skills and resources, the result being that a large proportion of the properties that officially enjoy protected status are abandoned and in an advanced state of decay.

2. The legal framework of the national cultural patrimony in Romania

According to current Romanian legislation, *the national cultural patrimony* is made up of material cultural property, both objects and buildings, which are of outstanding value and of public interest and which constitute irreplaceable evidence of the development of the natural environment and of man's relationship with it, of human creative potential and of the contribution of Romanians and of Romania's ethnic minorities to world civilisation (Law no. 182/2000, Law no. 422/2001).

Property belonging to the national cultural buildings patrimony is divided into two categories: category A –monuments of national and universal value, and category B– monuments that typify the local cultural patrimony (Law no. 422/2001, point 8). The National Commission for Historical Monuments, the National Archaeological Commission and the National Institute for Historical Monuments play a decisive role in the classifying or declassifying of buildings as patrimony. Cultural property of a building type that is not in categories A or B constitutes shared cultural property.

Property belonging to the national cultural non-buildings patrimony is also divided into two categories, depending on its importance or significance: there is property that forms part of *the treasury of national cultural non-buildings patrimony*, which is of exceptional value for humanity, and property that belongs to *the*

1. Among regulations currently in force, the most important are Law no. 182/2000 on the protection of objects belonging to the national cultural patrimony (republished in the *Monitorul Oficial* no. 828/2008), Law no. 422/2001 on the protection of historic monuments (republished in the *Monitorul Oficial* of Romania no. 938/2006), Law no. 462/2001 on the status of protected areas of nature, the conservation of natural habitats, flora and wild fauna, Law no. 6/2008 on the legal status of the technical and industrial patrimony, and Law no. 26/2008 on the protection of the non-material cultural patrimony (Lazea, 2010, 97-113).

stock of national cultural non-buildings patrimony, which is of exceptional value for Romania (Law no. 182/2000, point 4). Responsibility for assigning property that belongs to the national cultural non-buildings patrimony to one or other of the two categories lies with the National Commission for Museums and Collections.

The national cultural patrimony also includes, as its other element, *the non-material cultural patrimony*, which is made up of things belonging to the following domains:

a) verbal traditions and expressions that have language as their principal vector of cultural expression;
b) performance arts, which have music and bodily movement as their means of expression;
c) social practices, rituals and festivals, children's games and traditional sports;
d) lore and practices connected with nature and the universe;
e) techniques linked to traditional crafts.

To these may be added *living human treasures* and *distinctive traditional marks* (Law no. 26/2008, points 5, 7 and 8). The listing, classifying and collating of aspects of the non-material patrimony is the responsibility of the National Commission for the Safeguarding of the National Non-Material Cultural Patrimony and of the National Centre for the Conservation and Promotion of Traditional Culture.

3. Between conservation and the realization of development potential: what is true patrimonialisation?

Patrimony, constantly remodelled and (re)constructed, is the result of a complex process of patrimonialisation, which presupposes selection, frequently changes in use and meaning, a return to origins, and reinvention. Patrimony is therefore not a gift of nature but a *social construct*.

In our conceptual analysis of patrimonialisation, we are taking as our guiding principle *the hypothesis that this is a process that evolves between the "natural" coming-into-being of property and collective and individual memory on the one hand and actions carried out by national and regional/local institutions on the other, depending on their needs for development. In this context, an extremely important role is played by examples and the way in which these become known.*

The process of patrimonialisation involves the putting into practice of "extremely precise ways of transforming an object, an idea or a value into its symbolic counterpart, distinct, rarefied, conserved, possessing a kind of timeless quality, selected with great care" (Di Meo, 2008).

Besides the postmodern fashion for denying rationalism and functionalism, the attention paid to patrimony during the past three to four decades is the consequence of a process of democratization, viewed in its widest sense, as illustrated in terms of attitudes by the influence exerted by the North American concept of *political correctness*. But it is above all the result of the present-day spread of knowledge,

by means of the free circulation of information, of the mass media and of the education of young people, which has made it possible for Western patterns of consumption, which have become the most appealing of all those on offer, to spread all over the world. Now it is precisely this global diffusion of patterns that has led to retroactive effects: at the regional or local level, the tendency (to conserve patrimony) given impetus by the Western world has been taken on board, but it has been given a specific geographical content that depends on local values and on the objectives being pursued by each community. In consequence, there has been an intensification of moves to realize the potential of heritage by transforming it into patrimony ("to patrimonialise heritage"), coupled with increasing pressure from the most prestigious national and world bodies (UNESCO) for the according of a special status to those elements that are seen as symbolizing heritage.

On the other hand, this growing awareness of the identity-related dimension of patrimonial heritage and of its economic, social and political potential needs to be considered in the context of the current inter-area competition fuelled by the aspirations of local decision-makers to provide their communities with a higher standard of collective living. "Victims" of the *demonstration effect* (Duesenberry, 1949), populations, and especially the younger people within them, are prepared to set their sights on other horizons if their life aspirations cannot be met in their area of origin. Now, where the present situation offers few resources for development, the existence of some outstanding cultural or ecological patrimony that is as yet unexploited can be turned into a resource that can play its part in the achieving of a higher standard of collective living for the community. The antiquity of its connection with the area and the contribution it has made to the putting into place of values regarded as worthy of being patrimonialised and transmitted to posterity can function both as springs for the achieving of higher collective visibility and as factors that contribute to the activation of the area's potential for future development. Convictions of this kind generate pride, attachment, and a sense of responsibility and involvement, thus contributing to the community's cohesiveness and the strength of its rootedness in its territory.

The alchemy of the move from patrimony in a latent state –frequently left to deteriorate– to its mobilization as a source of development is not straightforward. It begins to take shape, as an intention, along with the creation of the idea of future usefulness in connection with something that until very recently was regarded as useless and even as an obstacle in the way of "normal" socio-economic progress (for example, medieval city walls, which were demolished during the nineteenth century to make room for modern, functional urban development; small-scale peasant farming, seen as incapable of being assimilated to the new, as unprofitable, and thus as fit only to be abandoned; marshy areas which were drained in the nineteenth and twentieth centuries and officially turned into agricultural land). The new attitude took shape as soon as the limitations of functionalism came to be understood and the effects of globalization became widespread (Nora, 1997). The prospect of identity being lost via the expansion of models of maximum economic efficiency that were in danger of dismantling everything that did not fit modern exigencies operated as a wake-up call. The first people to become aware of the

danger were cultural elites and ecology movements, whose pressure upon decision-makers gradually bore fruit and found fulfillment in the formation of public policies for the conservation of heritage.

These policies find themselves facing on the one hand the indifference (shown both in attitudes and in behaviour) of the great mass of the population, who are as yet unready to adopt the new trends, and on the other the pressure mounted by the proponents of efficiency at any price. Initiatives taken by economic and financial agents, property speculators, etc., are hard to moderate and even hard to combat at the level of public discourse, especially when the communities concerned are ones afflicted by poverty. For the latter, the arrival on the scene of an investor who can offer jobs, even temporary ones, is viewed in a mainly positive light, no matter what the consequences for their patrimony (see the case of the Canadian company Gold Corporation and their project for mining gold at Roşia Montană in Romania by using cyanide). In situations of this kind, possibly more than in others, the process of documenting and correctly handling the issues at stake is a decisive one. The task of documenting patrimony is the fruit of convergence between the approaches of many different public and civil society agents and sometimes of concerted action taken by them (opinion-formers, those inspiring and planning public policy, those who finance development and those who put these policies into practice). In this context, a discourse that puts the emphasis on identity has better chances of success than a purely rational one, and the antithetic publicising of examples of success –possibly from areas that are in competition with the one under discussion– can only contribute to the public impact of the message.

Consequently, the process of patrimonialisation, although it has a significant private/individual component, is not preponderantly a spontaneous one. It is a process that is primarily based on documentation and functions by means of standard values, institutionalized at the national or regional level, that carry meaning for the community, are spread by the educational and cultural systems and the mass media, and are grounded in particular legal norms.

However, what is surprising about the last two or three decades is that they have witnessed an absolute frenzy to convert everything into patrimony, leading to the banalisation of a concept which, by the mid-point of the twentieth century, had achieved a special status for a hierarchically classified body of valuable material assets and abstract values. Today this body of "valuable things and values" is in danger of becoming something banal, as a consequence of pressure from the "newcomers".

4. Ways of studying heritage, the patrimonialisation of heritage and the effects of these on local development

Works that deal with the issues involved in patrimony and patrimonialisation adopt a wide range of interpretative approaches. Although classical fact-based studies that concentrate on a formal listing and assessment of property that forms part of the country's patrimony are still the predominant mode in Romania, there has been a move away from these to more nuanced approaches that deal with issues in a

systematic way. Such approaches have been adopted both by anthropologists and by other specialists including town planners, architects, geographers, historians and folklore experts. The impulse came from the spread of a concern to preserve and properly exploit the country's heritage, which led to the widening of the area covered by the definitions given to patrimony and patrimonialisation (as above).

More recent studies emphasise either the role played by subjective factors in the selection, promotion and public adoption of property belonging to the patrimony, or the evaluation of the development potential that a process of realising the value of a stock of patrimony brings or might bring. Nor do they neglect to analyse the symbolic and possibly competitive role played by patrimony, particularly within multi-cultural societies. In this context, we considered it relevant to base our own approach on *the hypothesis that a special place must be assigned to studies of perception and behaviour that describe both the public representation of patrimony and its value and also people's expectations and how they typically behave in relation to property belonging to the patrimony.*

The perception the population of a country has of their own cultural patrimony tends to be exaggeratedly positive in inverse proportion to their experience of other countries. Formerly a means to the strengthening of patriotic feeling and national pride, this perception is today being undermined by the wide circulation of images of paradise-like places and unique architectural gems. Bookshops are full of albums of such images, numerous lists of the most beautiful places, waterfalls, palaces etc circulate on the Internet, and similar images are to be found in the promotional literature of tourist agencies and on the blogs of lovers of the beautiful. All this broadens the horizon of "visual" experience of the consumer of cultural excellence and puts his view of the precious things that are part of his local or national horizon into perspective. At the same time, these images also represent examples of the proper exploitation and promotion of various aspects of patrimony, which gives them a virtually conveyed educational role that has the potential to mobilise the taking of initiatives in the consumer's own context through a process of imitation, adaptation and innovation.

In this context, we have paid particular attention to the way issues related to patrimony are reflected in the electronic mass media. The technique we have employed has been that of carrying out a search for key words from the vocabulary typically used in discussions of patrimony, in order to see which articles in each Romanian newspaper's archive for the past three years have dealt with this issue. The frequency of articles devoted to problems concerned with the conservation and proper exploitation of aspects of patrimony has shown up an unexpected contrast between a number of national newspapers, in which the subject is discussed relatively frequently and fully (*Jurnalul National* [National Journal], *Evenimentul Zilei* [Event of the Day], *Adevarul* [Truth], *Dilema Veche* [The Old Dilemma]), and the local newspapers published in three large cities that have widely acknowledged and valuable patrimonial property, namely Timişoara (Banat Revival, Timişoara, Western Daily, Agenda), Cluj-Napoca (Cluj Daily, The Clujean, Cluj Truth) and Iaşi (Iaşi Daily, Hello Iaşi, Iaşi Agenda), in which the topic is scarcely ever mentioned. An assessment of the content and an interpretation of the results of this exercise will form the subject of a future study.

5. Overview of the state of Romania's cultural patrimony

The patrimonialisation (recognition of patrimony value) of Romania's natural and cultural heritage began at the end of the nineteenth century, with the first decree dealing with the conservation and restoration of monuments being issued in 1892. Since then, progress has been constant but slow, with structural and regional contrasts affecting what has been achieved. Because of a lack of financial resources, and during the Communist period also for ideological reasons, the non-buildings and non-material parts of the patrimony received more favourable treatment, both because they are less costly to conserve and because they lent themselves better to ideological treatment by the media with the aim of shaping people's consciousness and forming the 'new man'. As for the part of the patrimony that consists of buildings, this was conserved better in Transylvania and Banat, where there was a coherent stock of such buildings, whereas Romania's eastern and southern provinces (Moldova, Muntenia, Oltenia, Dobrogea) underwent a profound transformation, with the result that today most towns in those regions no longer have any historic neighbourhoods and are only modestly supplied with natural sites that have become patrimony.

These disparities, the result of contrasting outside influences which are predominantly Central European in type in the central and western parts of the country and Eastern European and Mediterranean in the south and east (Popa, 2000, p.37), are what give the Romanian cultural patrimony its basic diversity and richness. This is the justification for *the working hypothesis* which we have adopted regarding the state of this patrimony: *Romania enjoys a material and non-material patrimony of remarkable authenticity and regional variety which however possesses few truly dramatic features, and whose exploitation still awaits public and private initiatives.*

An impression of the international standing of the precious things contained in Romania's cultural patrimony may be gained if one looks at the number and type of monuments she has on the UNESCO world heritage list. With only seven such buildings and ensembles of buildings recognised at world heritage level, Romania's standing within Europe is a modest one. Within her geographical region, she is outdone by smaller countries such as the Czech Republic with twelve such monuments, Bulgaria with nine and Hungary with eight. We may however highlight the fact that these seven Romanian monuments on the UNESCO list include 29 cultural sites, some more geographically concentrated and some less, and one natural site (the Danube Delta), which increases the average density of protected sites. The list also includes two precious things that belong to Romania's non-material cultural patrimony: a traditional dance, the *Căluş*, and a traditional kind of song, the *Doina*.

According to the *Strategy for the conservation of the national patrimony*, in 2005 around 25,000 historic monuments were listed in Romania, of which 75% were in danger and 35% in a state of deterioration. The strategy document also identified the principal weaknesses that accounted for the unsatisfactory state of the cultural patrimony, which included the inadequacy of programmes for training

specialist human resources, particularly restoration specialists and craftsmen with traditional craft skills, limited concern among local public authorities for putting historic monuments back into the community space and exploiting their potential as a factor that could improve the quality of life of the local population, the lack of an approach bringing together different sectors of the economy with a view to the proper exploitation of the cultural patrimony, particularly in relation to tourism, the hotel industry and other consumer-oriented services, the shortage of personnel trained in the area of project management and cultural management, and strategic and managerial shortcomings in regard to the understanding and promoting of cultural activities as products designed for cultural consumption (<http://www.cultura.ro/uploads/files/StrategiaPCN.pdf>).

The general formulations of the Ministry of Culture Strategy Document with regard to the weaknesses that characterise the present state of Romania's national cultural patrimony also include a list of the main threats which have to be faced up to. These are expressed in much more specific terms and also highlight the reasons for the current situation, taken from a report by the Romanian National Committee (ICOMOS). These are as follows: the abandoning of monuments and sites that form part of the cultural patrimony by the local authorities or by their owners or administrators (individuals and corporate bodies, or the clergy); excessive bureaucracy; a lack of clarity in the way responsibilities are assigned and a lack of keeping up to date with legislation covering sanctions and how they are to be applied; vandalism and theft; a lack of control over the construction of new buildings that alter the traditional environment; a absence of town planning documentation covering the restrictions on making changes to protected historic areas that are the responsibility of the local public authorities; a decrease in the budget allocated to conservation and thus implicitly in the possibility of financing it; the fact that aspects of Romania's patrimony do not feature on European and world cultural circuits; the limited amount of interest shown by the mass media in cultural events; and so on. (<http://www.cultura.ro/uploads/ files/StrategiaPCN.pdf>).

Still more in touch with reality are the detailed studies carried out as reports to the Romanian Presidency on the condition of the national patrimony (2008, 2009), which confirm, by the use of specific examples from the field, the abandonment and advanced state of deterioration or deliberate destruction of numerous buildings belonging to the patrimony. The authors emphasize the lack of responsibility shown by the authorities and the harmful role played by the ignorance and indifference of the great bulk of the population: "…in a democratic country like Romania, the ignorance –total and absolute, as the result of a lack of proper upbringing– of the majority of the population regarding the issue of patrimony has a potential for harm analogous to that of a devastating fire that leaves nothing at all in its wake […]. The vernacular patrimony is vanishing at a dizzying rate before the eyes of communities as indifferent as their local administrations, whose lack of proper awareness and lack of reaction –matched by a tendency to be complicit, involuntarily or perhaps tacitly, in acts of destruction– has assumed an endemic character" (Presidential Administration, 2009, p.7). In addition to abandonment, indifference and irresponsibility, the authors of the report likewise draw attention to who it is that are the chief

aggressors with interests in profiting from Romania's heritage, and the extremely serious consequence of this situation: "…the cultural patrimony is becoming the playground of abuses that are affecting our national identity. In brief, [it has become –our note] the field of action of people who are *destroying while pretending to construct*" (Presidential Administration, 2009, p.4).

In relation to the hypothesis advanced above, consideration of specialist studies and field observations shows that, besides the problem of a too limited proper exploitation of patrimony, the most striking characteristic of the patrimonial heritage in Romania today is its serious state of deterioration, which is in many cases now irreversible. The synergy between abandonment and public indifference and the aggressive nature of speculative initiatives in the area of real estate and construction is leading to dramatic transformations that run counter to the principles and practice of long-term development. There is a real risk that, in many regions and settlements, future generations will be left with few symbols of their historical origins and individual identity.

6. The patrimonialisation of cultural treasures in Romania, at the mercy of the caprices of a variety of crises?

From a theoretical point of view, the majority of buildings of value belong to the stock of protected buildings. In reality, a significant proportion of this stock is not covered by any kind of measures that could allow buildings to be conserved and maintained in existence. In addition, the changes of system and the series of crises that have taken place in this part of Europe have had grave consequences for the cultural patrimony. Its position as a favourite object of moves to strengthen identity and legitimate the authority of governments of whatever stamp has meant that in Romania many treasures have fallen prey to changes in the politico-ideological regime and to the dictatorships that have succeeded one other during the past century.

The regime of Carol II (1930-1940), which installed a dictatorship towards the end of the inter-war period and was deeply involved in the cultural life of the country, acted as a stimulus for the promotion of patrimonial treasures of an indigenous nature (Ţurlea, 2010), in line with the nationalist trends dominant in Europe at that time. From 1947 onwards, the setting-up of the Communist regime in Romania by the Red Army introduced the principles of socialist internationalism, which denied national values. In consequence, hundreds of ancient monuments, statues, symbols of pre-Communist regimes and patrimonial treasures labelled as symbols of the Right or as giving legitimacy to the capitalist system were demolished or destroyed to make way for the symbols of the new government. In the larger towns, statues of Lenin and of militants of international Communism proliferated, along with frescoes glorifying the founders of Marxism and the revolutionary deeds of the working class, etc. The de-Sovietisation of Romania between 1965 and 1975 oriented the Ceausescu regime towards renewing links with some options favoured in the reign of Carol II, in the sense of a particular promotion of purely Romanian values, but this time there was an exaggerated emphasis on

commemorating historical figures who had been close to the people and against the nobility, heroes who had come from the ranks of the people, and the role of popular artistic creation. Accompanied, needless to say, by artistic embodiments of the presidential couple (Berindei, Dobrincu & Goşu, 2012).

The fall of the Communist regime in December 1989 was accompanied by a new wave of reconsideration of what were representative values/treasures, of demolitions and relocations, of abandonment and selective promotion, against a background of the creation of complete chaos in the area of the conservation of patrimonial treasures as a consequence of the irresponsible repeal (in 1990) of the law regarding patrimony. This led to wholesale asset-stripping of valuable objects in the non-buildings patrimony (pictures, hoards of valuables, stamps, various precious household objects, etc.). On the other hand, although the political regime that succeeded Communism in Romania was a left-wing one for a considerable number of years (1989-96, 2000-2004), the cultural elites swiftly reoriented themselves towards the ideology of the Right, with the result being a serious impasse in connection with patrimonial treasures: the objectives favoured by the government did not meet with the support of the cultural elite, and those promoted by the elite received too little practical support from those in power.

These reciprocal 'contras', added to the older disdain (dating from the Communist period) for buildings of value from the capitalist and ecclesiastical past, increased "the culpable ease with which the act of demolition took place, the indifference of the authorities, the resignation and lack of concern of local communities" (Presidential Administration, 2008, p.3) that underlie the speeding up of the rate at which patrimony was irreparably lost. During the past few years, the effects of the economic crisis have had an additional impact upon this sombre picture. Since reaching Romania in 2008, this crisis has further reduced the sums allocated in the central government budget to the conservation of patrimonial treasures (from 760 million lei in 2008 to 578 million in 2013, a reduction of around 25%). The crisis has, however, also had some positive effects, in that it has tamed the frenzy for demolition of the building and real-estate speculators. As a result, the phenomenon most commonly encountered at present is that of the abandonment and deterioration of buildings and objects that form part of the patrimony. If attitudes towards patrimony do not change, this phenomenon will merely prepare the ground for the next wave of "buildings hysteria" that will come as soon as the economy recovers. At that point, an even greater amount of irreversible damage will take place, since the buildings that merit conservation will be structurally weaker than they are now and it will not be possible to mobilize public opinion in their defence.

6.1. Patrimony and patrimonialisation in the rural environment in Romania

The rural environment in Romania holds in trust a number of authentic values and things of value that possess fundamental significance for the identity of Carpathian civilization. The monuments belonging to the material cultural stock that can be

found in Romanian villages fall into two main categories: those which represent the synthetic achievements of the creative genius of country people (houses, domestic outbuildings, rural technical installations), and those which bear witness to the combined or individual efforts of local elites (churches, monasteries, manor houses, castles, etc., some of which show clear signs of external influence), together with all the artistic features that accompany each of these categories. There are very many cases, especially in southern Transylvania, Bucovina, Maramureş and here and there in the sub-Carpathians, in which the rural landscape in its entirety might well constitute an 'object' belonging to the patrimony, even though it is not as yet categorized as such in Romanian legislation.

The current process of the modernization of Romanian villages, an effect of globalization, is taking place in a selective way, in the sense that it can be seen almost exclusively in settlements that enjoy a favourable position (around dynamic towns, along transport arteries, or lying in areas of natural beauty that have resources to match). Sadly, instead of basing itself on architectural models that can be found in the local area and endeavouring to adapt them to the demands of modern living, this modernization is drawing its inspiration preponderantly from other, foreign models, and its flawed application of them is often enough to make the hair of kitsch itself stand on end. "A corollary of this state of affairs is the disappearance of traditional craftsmen –a process that, in terms of numbers, is all but complete. This exponential impoverishment of the matrix of the nation's cultural patrimony is reducing to a dangerously low level –so low that it is still hard to gauge– the chances that the rural patrimony and through it the national cultural patrimony can be revitalized" (Presidential Administration, 2009, p.10).

Traditional Romanian architecture in the rural environment is characterized by modest dimensions, relative elegance, harmonious proportions and its effortless integration into the natural landscape. The degree of transformation that is taking place and the extent to which traditional models are being departed from are directly proportional to the current economic success of the local population, whose sources of income are often to be found outside the country. The most celebrated example in this regard is that of the Oaş Land, together with part of the Maramureş Land (northern Romania), both renowned for the authenticity of their precious traditional architecture, an architecture that over the past two decades has disappeared before an invasion of new building. This calls for large, villa-type houses, badly proportioned and built in a mish-mash of architectural styles, which often flaunt the owner's wealth in an ostentatious manner. The people of Oaş, who prior to 1989 had proved to be good labourers in heavy manual jobs in various parts of Romania, were among the first to go and work abroad (in Austria, Germany, Italy, Belgium, France, Sweden, Norway, Spain, etc.) in large numbers after the fall of the Communist regime, with many of them leaving at the very beginning of the 1990s (Diminescu, 1996, p.18). Their economic success and the frugality with which they managed their earnings found expression in the almost complete replacement of the building stock of villages in the Oaş Land: from a civilisation based on wood and textiles there was an abrupt transition to a civilisation of concrete, glass and stainless steel, with tons of building materials accumulated in

multi-storey villas that stand empty almost all year round. The only place where examples of traditional rural building styles can now be seen is the open-air Museum of the Oaş Land in Negreşti-Oaş.

In many villages in Banat (in western Romania), properties belonging to the architectural patrimony have been abandoned on account of a lack of resources to conserve them and because ideas of how to put them to good use are lacking. Thus, for example, there are many villages, chiefly on the plain, in which there are manor houses and chateaux, built in the eighteenth and nineteenth centuries by local noble families, that today are standing empty or are not being used to their full potential (the manor house in Banloc, Count Mercy's chateau in Carani, the San Marco manor house in Comloşu Mare, the Petal manor house in Clopodia in the commune of Jamu Mare, the Mocsoni manor house in Foeni, the Gudenus manor house in Gad in the commune of Ghilad, the manor house in Hodoni in the commune of Satchinez, the Liptay manor house in Lovrin, the manor house in Maşloc, the Ambrozi manor house in Remetea Mare, the Nicolici manor house in Rudna in the commune of Giulvăz, the Atanasievici manor house in the commune of Valeapai, the Villa Klauss in Văliug, the Juhasz manor house in Zegujeni in the commune of Constantin Daicoviciu, etc.). Some of the architectural ensembles and buildings listed above are still standing, while others are in ruins.

Their parlous state is due both to economic and financial factors and to the fact that, since they are symbols of ethnic groups that have left the area or are today in a minority (Hungarians, Germans, Jews etc.), today's majority population does not feel any tie to them and therefore does not assume responsibility for them. This situation is a very widespread one, especially in villages that until two or three decades ago were inhabited chiefly by people of German ethnic origin (Saxons in Transylvania, since the twelfth and thirteenth centuries, and Swabians in Banat since the eighteenth century), who aimed at a Central European style of rural architecture that is impressive in its unity and the way it fits into the landscape. Emptied of the populations that gave them cohesion, meaning and vitality, these villages have been repopulated with incomers from less prosperous rural areas of Romania. "The new local inhabitants treat the traditional houses abandoned by their former owners either as examples of an otherness whose fate it was to disappear, or as fair game for aggressive exploitation, and historic monuments as a source of building materials" (Report of the Presidential Commission, 2009, p.9). The legal status of each property also has a major impact on what happens to it: the majority of them are still in public ownership (following their nationalization at the beginning of the Communist period), but neither central government nor the local communities possess either resources to restore them to a fitting condition or ideas about how they could be used in such a way as to become self-supporting.

There do exist examples of awareness of the role of patrimonial treasures in providing an attractive framework for life, or in preserving concrete examples of the ingenuity of local craftsmen. Examples belonging to the former category are harder to locate, owing to the current weakening of the cohesion of rural communities and their precarious economic position. They are to be found preponderantly in villages and small towns in the neighbourhood of larger towns, particularly

multicultural ones, in which a degree of competition between cultures has a stimulating effect (the commune of Dumbraviţa and the town of Jimbolia in Timiş county, the commune of Pecica in Arad county, etc.). In the second category, we may mention the case of the conservation of a number of popular technical installations, such as the groups of mills in Caraş-Severin county, of which the best known is that in the commune of Eftimie Murgu, where there are 22 watermills spaced along the gorge of the river Rudaria within a sub-mountainous landscape that has great tourist potential (Ianăş, 2011, 361-64). Sadly, their isolation and the lack of accommodation infrastructure and of other facilities normally to be found in all-inclusive tourist packages means that the mills are visited only sporadically.

6.2. Patrimony and patrimonialisation in Romanian cities

In Romania, the discrepancy between a rural environment affected by structural decline and the dynamic one to be found in large and medium-sized towns is continuing to widen. As we have underlined, there are exceptions to the rule, and these are particularly linked to zones of urban influence and to areas of outstanding natural beauty that are accessible and which in some cases possess patrimonial sites that are known all over Romania and thus act as a stimulus to tourism and encourage the local economy to diversify.

Despite being a more recent arrival on the scene of the development of patterns of habitation in Romania, towns have come to concentrate the major part of the country's vital forces, even though from a demographic point of view they are home to only a little over 50% of the population. Over time, Romania's towns have built themselves a diverse cultural patrimony, richer in Bucharest and in the traditional centres in Transylvania and Banat, where the level of preservation of late medieval and modern architecture is higher than in the towns of Moldova, Muntenia, Oltenia and Dobrogea. In the latter, we may speak of relatively isolated monuments rather than of coherent urban ensembles benefiting from preservation orders.

Strategies for conserving and properly exploiting the urban cultural patrimony are shaped by current legislation and by the institutions whose task it is to put it into practice (see above). Unfortunately, although the legislation is in line with European legislation, its practical application has proved to be chaotic and a matter of individual decision. Urban development projects, whether normative, as in the case of general town plans (PUGs), or recommended, such as socio-economic development strategies or cultural development strategies, or various projects for urban rehabilitation, with or without European funding, often prove to be incoherent. They fail to take account of the way an urban organism comes into existence as a unit, nor do they have a coherent conceptual system with regard to the specific ways one needs to approach the urban landscape. The projects in question are one-offs –which is normal– but they are disconnected from the surrounding space, and only rarely do they form part of a broader vision that displays concern both for functional considerations and for the harmony of the townscape. The central districts of cities and larger towns in Romania (Bucharest, Iaşi, Constanţa, Craiova, Galaţi, etc.) are real miscellanies of buildings of different generations, in disparate

styles, put together with no attention being paid to their natural dialogue with their surroundings. A true palimpsest, in which relics of the past mingle with contemporary banality and, on occasion, with pointers to the future.

It is against this background that the present problems of the urban cultural patrimony make themselves felt, characterized as they are by attitudes, behaviours and actions that undermine it, destroy its structure (and more) and, instead of emphasizing its richness and cultural importance, make it appear dated, without possible use, anachronistic and therefore overdue for replacement, thus preparing, for these towns, 'a future without a past'. This category of attitudes and behaviours includes the *deliberate abandonment* of monumental buildings, which are left desolate until they naturally reach a state in which the only way out is for them to be demolished. Occurrences of this attitude are becoming more and more frequent in the older neighbourhoods of Bucharest, in the peninsular area of Constanța, the old centre, and also in the Fabric, Iosefin and Cetate neighbourhoods of Timişoara and in the central districts of Oradea, Cluj-Napoca, etc. Historic buildings are more vulnerable when they form parts of an *ensemble* classed as a historic monument but are not mentioned by name on the list of protected buildings and thus do not enjoy protection under the Law on Historic Monuments (Law no. 422/2001). In consequence, "these [buildings] lack any kind of defence ('it is the ensemble that is the monument, not the buildings as well!' is an argument that is cynically used to justify demolition in cases of this kind)" (Report of the Presidential Commission, 2009, p.11).

Other ways of attacking the constructed patrimony so that it loses its characteristic appearance are: the implanting of new buildings into old ensembles, thus annihilating the coherence on the grounds of which they were declared a monument; renovation involving the use of inappropriate materials and architectural details that adversely affect the sense of history conveyed by their facades (double glazing, modern picture windows, strident colours); the "mocking" of ancient monuments by the construction in their immediate neighbourhood of modern buildings that are overwhelmingly tall and massive; the covering of the facades of buildings of architectural importance with huge advertising banners and billboards (Bucharest "excels" in this, but the phenomenon has proliferated in other towns as well); the demolition by their owners of old houses, whether or not they belong to the category of patrimonial buildings, to make way for modern architecture, regarded as more functional and more comfortable –a process by which the intimate texture of old neighbourhoods is losing its warp and woof– and others of the kind.

Many of these attacks are taking place with the approval of local authorities, who are encouraging urban development that contravenes the regulations by giving special permission, and of the kind of architects who pursue profit and nothing else. Through their incompetence, corrupt practices and indifference towards the town concerned, these people are straying a long way from the concerns and practice of town planners in advanced European countries, who are likewise having to contend with constant urban metamorphosis. On the other hand, yielding to pressure from economic and financial interested parties to the detriment of important patrimonial buildings is not an automatic guarantee of success. The most sought-after cities in Europe are those that have a rich and varied architectural patrimony and cultural life. It is not only long-term tourism that

has poor chances of developing in towns that lack identity, but other economic activities as well. Investors are attracted not only by criteria of efficiency, which they could find in many places in the less developed world, but also by the prestige of a place, by its quality of life, by the air of nobility that cities with a strong cultural patrimony exude. "Beauty is not an aristocratic privilege, but a right and a need that dwells in every being", to quote the French historian and man of letters Marc Fumaroli (Fumaroli, 2009). From this perspective, any attempt on the beauty and balance of the urban landscape is an attack on one of man's fundamental rights, the right to well-being.

A gradually developing awareness of the need for the beautiful has caused public intervention aimed at revitalising the central neighbourhoods of old cities and towns to increase greatly. Examples of public policies and private initiatives to encourage urban gentrification are becoming more and more numerous. The phenomenon is clearly evident and striking in the first place in *Bucharest*, where, as work to rehabilitate the public space in the *Old Centre of Bucharest* (the area described in the planners' paperwork as 'Pilot A') has advanced, the focus of fashionable social life has moved from the Dorobanţi area (the area to the immediate north of the centre) to the old Centre, the area of the famous Lipscani commercial artery. The old centre of Bucharest, bounded by Elisabeta and Carol Boulevards to the north, by Hristo Botev Boulevard to the east, by Calea Victoriei to the west and on the south by Splaiul Independenţei and Corneliu Coposu Boulevard, has an area of fifty-seven hectares and is home to 527 buildings. Within it, the Pilot A area on which the project focuses, the Lipscani area, occupies only around fifteen hectares, but around a third of the buildings in the neighbourhood are concentrated there.

The renovation programme, which was initiated in 2003 with the signing of a loan agreement between Bucharest City Hall and the European Bank for Reconstruction and Development (EBRD), made very cautious progress and came to an end only in the summer of 2011 with the rehabilitation of the infrastructure and public space of eleven streets out of the sixteen in the Pilot A area (Agerpress, Bucharest City Hall communiqué, 01.09.2011). The publicity given to the intentions of the local authorities stimulated private enterprise, whose involvement led to the transformation of the area into a thriving commercial hub. Thus, in 2010, the approximately 120 bars, restaurants, outdoor venues and coffee shops in the Lipscani area had a combined turnover of 150 million Euros, with plans for this to double in the future, bearing in mind that half of the buildings are as yet unrenovated.

The old role of the Lipscani area in the historic centre of Bucharest as an artisan, commercial and residential neighbourhood that was also home to such other activities as cultural and artistic ones is tending to make a comeback, but with modifications. Following a lengthy period of being abandoned (roughly between 1980 and 2006), during which time the local patrimony deteriorated and the activities that had given the area its character moved elsewhere, this injection of public money has acted as a stimulus to recovery, even though we cannot yet speak of a classic process of urban gentrification. Today the major activities in the Lipscani area are commercial, particularly in the domains of the restaurant business and entertainment, with bars, pubs and outdoor venues predominating (fig. 1). There is also a flourishing trade in clothing and in artisan ware from all parts of the world (souvenirs).

Fig. 1. Street in Old Center of Bucharest
(Strada Franceză/French Street, in the commercial urban zone of Lipscani)

Source: Cotiso, 2011.

A field study carried out by Alexandra Şipeţan in 2011 showed that of the 580 units listed for the Lipscani area, 170 (29.3%) were still abandoned and 110 (19%) were coffee shops, bars, restaurants and pubs, the majority of which had opened since 2009. 39 units (6.7%) housed clothes and shoe shops, 18 (3%) held shops selling bridal wear, 12 (2%) were tourist agencies, 11 (2%) were food shops, etc. There were, in addition, businesses concerned with the creative arts (designers, photographic equipment shops, fashion designers), specialist chocolate shops, shops selling end-of-line goods, glassware shops, shops selling artists' materials etc., a hospital, the *Curtea Veche* museum, banks, etc.

The cosmopolitan character of the new enterprises, which to some extent links them with the area's inter-war traditions, is also underlined by the predominance of business names that are of foreign origin or in foreign languages: of the 110 venues of the bar, restaurant and coffee shop type, only 21 (19%) were run by companies with Romanian names. In their attempt to appeal to the middle class and to tourists, "the pubs and coffee shops are inscribing specific cultural codes and references on the urban landscape, and a greater emphasis is being placed on design, on the presence of some particular feature, on the creation of an atmosphere […]. The venues in this whole area offer you a different world, the moment you step across the threshold you are no longer in your day-to-day existence, they promise to transport their customers to a different space and time, to an idyllic world" (Şipeţan, 2011), whether

this is Bucharest between the wars (the Inter-War Bar), a train of yesteryear (Orient Express), an Italian ambience (*Ai vecchi amici*, *Malagamba*), a French one (*Café de la Joie, Unique Bistro, Les Bourgeois*), an Irish one (*St. Patrick, Dirty Harry's Irish Pub*), an American one (*Red Angus Steakhouse*), a German one (*Oktoberfest Pub*), an Oriental one (the *Divan, Saray, Valea Regilor* and *Pekin* restaurants) or a medieval one (*Medieval Art, King's Stone*), etc.

Looking now at the 88 restaurants in the Old Centre that we found listed on a site devoted to promoting Bucharest as a tourist destination, the most frequently occurring linguistic and topographical references had to do with Britain, America and Ireland (27), Romania (20) and Italy (11). References to France (9), and to the East in a wider sense (7), formerly more common, had made way for others that today appeal more strongly to the young. Among these, the American contribution, though not dominant, is a significant one (Table 1).

Table 1. Specific identity and promotional image of restaurants in the Old Centre of Bucharest

National/ethnic speciality of restaurant	Number	Language or place reference of the restaurant signs
American	3	English
Chinese	1	China
French	4	French
Greek	1	French
Irish	1	English
Italian	6	Italian (5), English (1)
Japanese	2	Japanese
Moroccan	1	French
Oriental	2	French, Africa
Romanian	20	Romanian (15), Latin (2), Anglo-Irish (2), composite (1)
Russian	2	Russian
Turkish	2	Turkish
Hungarian	3	Hungarian (1), English (1), Catalonia (1)
International	16	Romanian (4), English (7), Latin (2), French (1), Franco-Romanian (1)
Pizza restaurants	13	English (6), Italian (4), Romanian (1), compozite (2)
Fast food	11	English (7), Italian (2), French (1), Anglo-Romanian (1)

Source: the author's processing of information from the site <http://city.eva.ro/adrese-restaurante-in-centrul-vechi-bucuresti.html>.

The Lipscani area is tending to shed "its function as a neighbourhood where one might live and to present itself at first sight as a tourist area and a place to spend one's free time, or a place to pass through on the way to other areas". The majority of the non-renovated buildings appear deserted, but if one looks more closely it becomes clear that some of them are still being used as dwellings, under totally insalubrious conditions. This area mirrors extremely well the tendency towards polarisation that is very widespread in cities and larger towns in Romania: the tourists who visit the place represent their urban consumption aspect, rich, leisured and cosmopolitan, "but the locals, the excluded population, deprived of the new spaces with their consumption, products and facilities, the contrast between the two groups' ways of using the space being a striking one" (Șipeţan, 2011). The recent dynamic of this urban neighbourhood, which is still in the early stages of being regenerated, is also illustrated by the 27 venues that were in the process of being fitted out at the time the field study was carried out (Șipeţan, 2011).

Although they are less visible, processes of evolution of this kind can be met with in other large towns too, for example in Braşov, Sibiu, Timişoara and Cluj-Napoca. While in the case of Sibiu its being awarded the title of *European Capital of Culture* 2007 occasioned the rehabilitation of the old centre by means of a complex of individual actions that transformed the city's tourist aspect, a battle royal is currently being waged between Timişoara, Cluj-Napoca and Iaşi and even Alba Iulia, Arad and Brasov, with all of them aspiring to the title of European Capital of Culture 2021. Organisations and lobby groups set up for the purpose are attempting to muster local energies and co-ordinate local projects not only in Timişoara but also in Cluj-Napoca, Iaşi and Alba Iulia. Each one of these large towns prides itself on having a rich stock of patrimony that it hopes to be able to preserve, rehabilitate and restore to use, thanks to the investment that achieving such a status would bring in its train. The town selected will receive media attention that goes beyond its normal promotional efforts, and the fame thus achieved will mean more waves of tourists, an increase in the number of consumers, a large public income and a superior framework for living. Each of these cities has its strong points, whether intrinsic or as a result of links with outside agencies: Iaşi is lobbying in Brussels, Cluj has hired a team of German consultants, Timişoara has the largest architectural patrimony of any city in Romania, etc.

The *case of Timişoara* (population 310,000) is an eloquent one. It prides itself on its title of "the city of a thousand firsts" at national, regional and European levels, both in the cultural and artistic domain and in terms of technology and architecture. The principal claims on which its aspirations to win the title of European Capital of Culture 2021 rest are its status as a multi-cultural city and as the largest city in the Romania-Hungary-Serbia border zone (Popa & Junie, 2000, p.28), and above all the massive stock of protected architectural patrimony it possesses, comprising over 14,000 buildings and monuments and situated mainly in its three historic neighbourhoods, Cetate, Fabric and Iosefin. These combine to make up a unique protected area, with a multi-cultural character that is all its own, within which may be found the cultural institutions and art-related buildings that best represent the western part of Romania (Popa, 2006, pp. 242-247, Veschambre & Popa, 2009).

Although the level of preservation of this vast patrimony is relatively good in the Cetate and Iosefin neighbourhoods, the situation in Fabric is less encouraging. Some of the buildings around the neighbourhood's central market, Piaţa Traian, are abandoned. At night, street people take shelter in buildings that were once symbols of the city, and some homes have become no more than dumping-grounds for rubbish. Nevertheless, this neighbourhood is experiencing a twofold evolution: while its old nucleus is in an advanced state of deterioration, the part that connects it with the rest of the city, which lies around Parcul Poporului, is undergoing a re-birth. It is home to a number of buildings that have been rehabilitated in a striking way, such as the former Park Cinema (now Le Sinema Club), the Fabric synagogue, which has been made over to the Timişoara National Theatre for 33 years and turned into an auditorium for performances, and the Baile Neptun building with its new Perena restaurant. Taken as a whole, however, the impression made by the urban landscape of Timişoara's old central neighbourhoods is one of buildings that have largely been abandoned and left uncared for, among which many architectural jewels lie obscured by the patina of time, of facades that are dusty and crumbling or, even worse, are falling victim to rough and ready repair work that destroys their appearance, or are being "encouraged" to collapse (the Old Abattoir, the Mühle house, the U Barracks, and numerous other buildings that are anonymous but essential to keeping the fabric of the city whole), in order to clear space for new buildings that are functional but impersonal.

On the other hand, a series of initiatives have taken shape, financed both as public projects and by the involvement of private investors. These still have the appearance of islands, but there is a tendency for oases of beauty to form around them and to spread in all directions. One example is the *Theresia Bastion*, which has been entirely rehabilitated with the aid of European, national and local money, and another is the buildings in Piaţa Unirii (the nucleus of the Cetate neighbourhood), rehabilitated one after the other to form one of the most harmonious city square ensembles to be found anywhere in Romania (Popa, 2006, pp. 246-247). A series of buildings and interior courtyards in the streets adjacent to Piaţa Unirii have likewise been renovated or are in the process of being renovated. Ten of these streets are going to be completely remade and pedestrianised. In this way the city authorities are implementing a project conceived some time ago as an attempt to counter a tendency for the smart and fashionable life of the city to become polarised in new commercial areas of the mall variety. The increasing numbers of outdoor venues in Piaţa Unirii, Piaţa Victoriei (figs. 2 & 3) and along the streets linking them, thronged with young people throughout the warm part of the year, and the growth in the number of pubs, clubs and restaurants are proving a good alternative to the fast food outlets, occasional shops and multiplex cinema of the Iulius Mall. While the centre has succeeded in winning back younger people for leisure activities concerned with eating and drinking, the sectors of the economy devoted to shopping are still strongly focused on the new supermarkets and the Mall.

We do however need to add that the possibilities for putting buildings to use once they have been rehabilitated are not always being thought through in terms of sustainable development. For example, the rehabilitation of the *Theresia Bastion*

Fig. 2. Timișoara – Piața Unirii/Union Square
(Dominated by baroque architecture – XVIII-XIX , core of the old city)

Fig. 3. Timișoara – Piața Victoriei/Victory Square
(With the hallmark of the city, the Orthodoxe Metropolitan Cathedral)

(with an area of 9,000 square metres and involving an investment of 10 million Euros) also resulted in a change of use, since the project plan accorded preferential treatment to cultural and artistic activities (internet café, museum, library, cultural centre). Given that the Bastion ensemble of buildings, despite being adjacent to the old centre, is to some extent isolated among extremely busy main roads, the absence from it of any type of use that appeals to the wider public has meant that the resources invested in it have not had a great impact on the life of the city or generated the income that was initially expected. The ensemble has the aspect of an over-neat and clean island, aesthetic but austere in design, which is bypassed by Timişoara locals to a greater extent than it is sought out by tourists.

A very different logic has prevailed *in Iaşi*, where, in the vicinity of the most representative patrimonial building in the city, the Palace of Culture, the universally acknowledged architectural symbol of Iaşi (fig. 4), a vast lifestyle centre complex whose buildings alone cover 270,000 square metres has been constructed. Long the subject of controversy, from the ideas phase onwards and even after its inauguration in 2012, this building project, realised as a public-private partnership but financed entirely by local private money, has added to the pull of the central area of the city, which is now 'irrigated' by the flow of people passing through it on their way to and from the new complex. The effort involved in its construction was matched by complicated strengthening and renovation work carried out on the Palace of Culture which gave it a fitting place as part of an ensemble of patrimonial buildings that includes the princely church of Saint Nicholas, the Church of the Three Hierarchs, the Casa Dosoftei, the Mitropolia Moldovei, etc.

Fig. 4. Iași – Palace of Culture, neo-Gothic symbol of the city

A further example is the town of *Alba Iulia* in Transylvania, the central part of which is dominated by the largest Vauban style fortifications still surviving in Romania (fig. 5). This redoubtable fortress, the *Alba Carolina* Citadel (around 100 hectares), which has kept its defensive walls and moats and until very recent years also retained its military function (it was administered by the Ministry for National Defence), has experienced a remarkable process of renovation and also of adaptation as a tourist attraction. Having been transferred to municipal control, the citadel is today one of the most iconic cultural and historical sites in Romania and is on the way to becoming the city's principal engine of development. Enjoying not only the finance needed for restoration work and for its adaptation for tourist purposes but also a whole range of branding and promotional exercises that have swiftly increased its renown, the citadel gives the city an air of nobility and mysteriousness that is adding to its social and economic appeal.

Fig. 5. Alba Iulia – the Alba Carolina Citadel, the largest of south-eastern Europe

Source: http://marcamc.ro.

Examples of successful moves to conserve valuable parts of the architectural patrimony and to integrate them into present-day urban functionality may also be found in other cities in Romania (Braşov, Oradea, Arad, Cluj-Napoca, Craiova etc.). However, good practice in this regard is as yet far from being universally attained.

Conclusions

The conservation of patrimony can succeed only when it is not an end in itself. Mere conservation, without the things conserved becoming assets that are functional and make a profit, runs the risk of being seen as a waste of resources and of being less and less enthusiastically supported by public opinion. The liberalisation of markets of all kinds, from commercial ones to cultural ones, has led to competition between national and international patrimonial assets, infrastructures, models of development, territories and communities, and shifting identities, with the direct dialogue between them being something inconceivable a few decades ago. The survival of these things depends on their intrinsic worth and on the socio-economic effectiveness they demonstrate within a framework of very wide competition. In this context, it is vital that local promoters should be skilful at creating positive images of aspects of their patrimony (see the case of Alba Iulia). Sites whose success depends on their fame and on the way they appeal to people who are prepared to pay to come and see these famous places for themselves are today the subject of branding and promotional strategies that are conceived in terms of complex, hierarchically conceived packages, with carefully determined vectors and precise target groups.

A decisive role is played by opinion shapers and lobbying teams. Their synergy and degree of effectiveness can give prominence to sites which are not in fact as impressive as the renown manufactured for them or keep in the shade sites that are well worth visiting but are promoted in an incoherent way. Any physical site increases its appeal if it is matched with a "story", an aura of legend, with the whole combined into well-thought-out packages of services in which the cultural standard is complemented by the civic and the cultural goods on offer are backed up by opportunities for fun and entertainment.

As we have established, the art of making the most of patrimony is as yet too little understood in Romania. The initiatives being taken are patchy, and the infrastructure and superstructure whose job it should be to bring them together are far too naïve and amateurish to be able to construct a coherent whole capable of bringing sustainable socio-economic development with it. Theoretically, the institutions charged with promoting the cultural patrimony understand what has to be done. In practice, however, the management and proper exploitation of patrimony are dominated by spontaneous and frequently chaotic developments, whether in urban or in rural areas. Studies of how these issues are perceived have highlighted lacunae in popular understanding of the development potential represented by patrimonial assets, combined with the prevalence of the idea that what is old needs to make way for the new, since that is better adapted to future developments.

In such a context, success is the reward of those who can grasp trends and exploit opportunities, achieving a correct balance between the need of a town (in particular) to develop, to modernise its structure and functionality, and a community's need to nurture its memory and promote its identity as springs of development and well-being.

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6 Territorial inheritance as development opportunities in Mediterranean mountains: Morella and the Els Ports region (eastern Spain)

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The Mediterranean is not just vineyards and olive groves or holiday resorts and built-up urban areas on the coast; right next to it there is also a high, solid, harsh rocky mountainous country. Nothing in that area is reminiscent of the nearby classical bright coastal area where orange trees blossom and irrigated market gardens stretch into the horizon. Winters in these places are bleak with fairly frequent snowfall.

There is not just one type of Mediterranean mountain, some are poor and desolate, but others are rich in natural resources (water, minerals, forests, pasture, etc). Population density is generally insignificant compared to the vast spaces around population centres where transport is difficult. For centuries the mountain was forced to be self-sustaining, despite the unfavourable soil and climate. Many ways of life that no longer exist indicate sustainable use of limited resources in Mediterranean mountain areas.

As industrialisation and urbanisation processes became consolidated and expanded, Mediterranean mountain areas became marginal areas, producing men

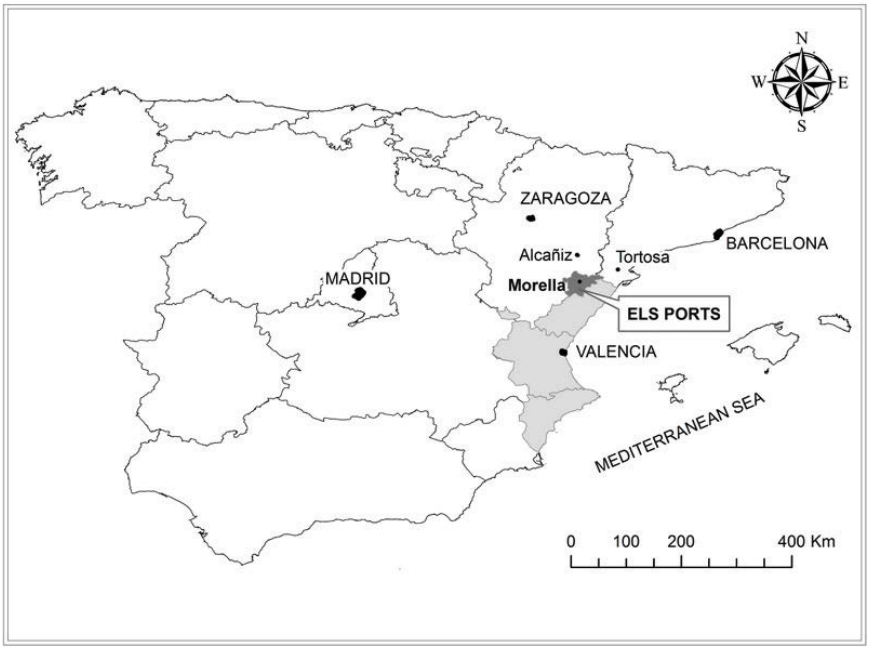
to work for others, origin of the rural exodus to towns and cities. The crisis has been so deep that in just a few decades, the way of life of those who remain here has been completely transformed. The extent of the crisis has also altered centuries-old territorial structures (population, productive activities...).

What future awaits Mediterranean mountain areas in the era of globalisation? There will probably be no standard responses and strategies; the most likely scenario seems to be one that offers a wide range of different options. Whatever the case, the territorial organisation of each mountain area appears to be a basic component for tackling the challenges of the future.

1. The Morella area: A border region with poor transport links

The city of Morella lies at the centre of an extensive municipal area (413 Km^2) in the Els Ports region, in the northern hinterland of the Pais Valencià (self-governing region of Valencia, made up of the provinces of Alicante, Valencia and Castelló). The toponym Els Ports (mountain passes) explicitly alludes to the region's orography. It is a high altitude area, much of which is over 900 metres and even 1,200 metres above sea level. The study area is in eastern Spain, half way between Valencia, Barcelona and Zaragoza and a short distance from the Mediterranean Sea.

Figure 1. Location Map of Morella



1.1. Mountains, passes and meadows

As a first approximation, the Morella area is a small part of the broad Iberian peninsula that "descends in successive steps to the Mediterranean Sea" (López Gómez, 1977). The great Neogene fracture of the Mediterranean Basin created a narrow grandstand of mountain ranges and corridors parallel to the coast. The Morella area is on one of the top stands and has well-defined natural features. It has exposed rocky outcrops, a continentalised Mediterranean climate, broad swathes of forest with occasional "vegas" (small valleys with high agronomic value) and some river margins with deeper soils. These natural features extend towards Catalonia and Aragon so the boundaries of the Els Ports region are not geographical but a product of history.

Broadly speaking the relief is complex because in this area different tectonic plates collide. The northern part has pleated reliefs and tabular reliefs predominate to the south, separated by a fault. The castle and city of Morella are built on a hanging-wall syncline. In general the entire system has also been carved out through intense erosion by the river network (especially the River Bergantes). In this mountainous land, small valleys are the exception and are fundamental for organising the territory.

These high lands have a Mediterranean climate of transition between the coast and the Ebro Depression, highly conditioned by continental characteristics: Morella has an average annual temperature of 12ºC. From December to February the minimum temperatures are usually below 0ºC. From the end of autumn until well into spring, frost and fog are common. Summers are relatively cool at night with fairly severe convective storms. Rainfall (around 600-700 mm a year) is more abundant in spring and can fall as snow in winter (Morella has around 18 days of snowfall a year) which, together with low temperatures, causes fairly frequent disruptions to transport links.

The Morella area has two vegetation layers. In the meso-Mediterranean belt (under 850 m) potential vegetation is *Quercus rotundifolia* and mixed oak forests. Indicator species are *Quercus coccifera*, *Ulex parviflorus*, etc. On the supra-Mediterranean floor, on calcareous soils, grow junipers *Juniperus communis* and to a lesser extent, *J. thurifera*. There used to be significant masses of Portuguese oak (*Quercus faginea*), now very degraded because of abusive felling. In the modern landscape there are also groves of *pinus nigra* and *pinus sylvestris*.

But beyond the natural features, life is possible but not easy (Braudel, 1976). The Morella area has a wide diversity of small ecological niches (sunny spots, shady spots, stony soils, fatty soils in the "vegas". etc.), with much sought-after plains, productive river margins, etc. Accessibility is acceptable in some areas but in others it is decidedly difficult.

The territorial structure of the Morella region has a wide variety of components, whose significance has varied as human societies have transformed nature and engaged in different productive activities. The following shows just some of the most remarkable territorial features.

1.2. A frontier space: the defensive dimension

The Morella region is on the Valencian border with Aragon and Catalonia. The dominant criterion in the organisation of the Islamic feudal territory was not production but defence. Morella castle is the largest bastion and main watchtower in northern Valencia. This age-old position has also structured the surrounding environment: Morella castle was the head of a chain of defensive buildings with great strategical significance (Ares, Culla, etc.) in Islamic times and after the Christian conquest. Morella was also the main defensive station in the fortified area, which subsequently became the municipal area of Morella and all its villages. The region is heir to that municipal area, defined in the 13th Century after the Christian conquest and administratively united until 1691.

In the time before the Christian conquest, the Morella region was considered part of the defensive lands of the Aragonese Extremaduras. The settlement model after the conquest established a broad territory of free men who were given the legal resources to erect a powerful municipal organisation. After that, a certain number of small centres, villages, were formed presided over by the capital town which governed the entire region. Unifying elements (willingly accepted or imposed by force) in the general municipal district were the municipal institution, the military organisation of the territory (based on the castle stronghold and the walls of Morella), a tax system that caused heated protests in the villages and an organised religious life in which the Monastery of Saint Francis in Morella played an important role (Sanchez Adell, 2003).

A specific case of the importance of that defensive dimension and its negative effects is confirmed by the serious impact of the War of Spanish Succession (1701-1713) on the area. The example of the burning of the village of la Mata provides an illustration. According to eye witness accounts, collected in documentation of the period, "…over forty houses were burnt and the fire was so strong that it took almost two days to quench...not only were those houses endangered and ruined, and many are still uninhabitable, but they also suffered general looting including the Church and the Town Hall building, which had everything stolen…" (Eixarch, 1988, p. 264). An objective indicator, rather than contemporaries' tendency to exaggerate the disasters of war, could well be analysis of population growth. Of the 32 regions in Valencia, only Els Ports and the Costera region (because of the famous fire in its capital, Xàtiva) showed demographic decline due to a high mortality rate (Ardit-Bernat, 2007, p. 30) indicative of the geostrategic importance of the fortified city whose orography and location made it the gateway to the kingdoms of Aragon, Catalonia and Valencia.

The defensive nature of Morella in relation to Aragon and Catalonia was strengthened during the First Carlist War (1833-1840), when Carlist general Cabrera's armies spread from Morella towards Tortosa, Alcañiz, etc. At the end of the Carlist wars other castles were demolished (Ares, Culla) whereas Morella retained a military garrison until 1911. The defensive dimension of the Morella area is also apparent from the many mediaeval towers in the scattered settlements. These constructions (to which farm building have often been added) are an outstanding feature of the rural landscape in the Morella area.

Figure 2. Morella's defensive position

1.3. Paths

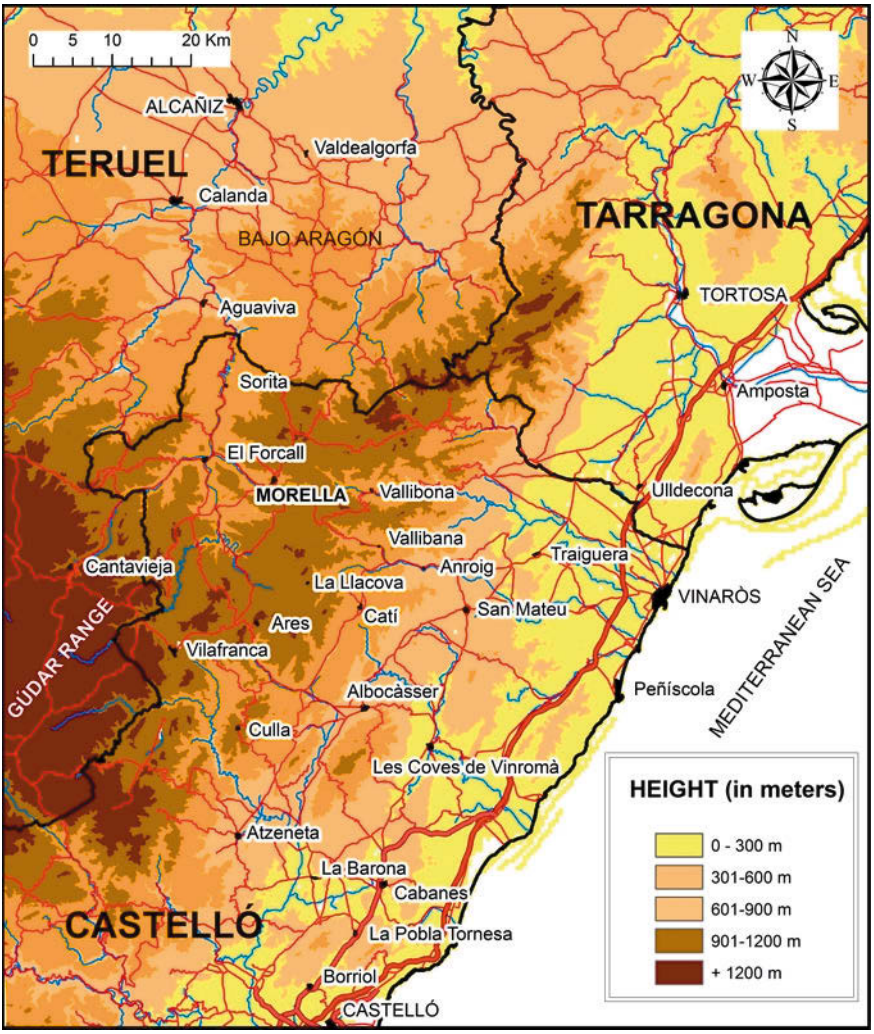
Transport links have been one of the greatest challenges for the territory. Morella lies in the natural transportation route between the Ebro Depression and the Mediterranean coast, a route traditionally used for exporting products from Aragon (wheat and wool) which were shipped from the port of Vinaròs. By 1528 there were plans to build a road from Morella to Sant Mateu but the works did not take place and the Kingdom of Aragon's demands to reach the sea through Vinaròs continued over the centuries until, after the First Carlist War (1833-1840) and for military reasons, the process was speeded up and work began in 1848 (Borrás, 1929, t. I, pp. 179-183). At that time, however, the main objective was to connect the mountains of Morella (an area whose orography has historically facilitated resistance from small guerrilla groups) with the capital of the recently created province of Castelló, headquarters for civil and military government delegations. A few years later, the road was continued in two directions: towards Vinaròs and Alcañiz and it became the corridor for a vast territory, linking a dense network of roads –cart tracks to the villages, bridle paths to the farms– so produce could be sent to market.

In 1868 when the works on the main road had finished archpriest José Segura y Barreda succinctly noted the region's transport problems "In mountainous areas, however much care is taken, a downpour is sufficient to destroy roads, dumping loose earth and leaving ruts and channels or piles of stones and gravel. So that

sometimes they are almost impassable; and that is on the local roads between one village and another, because the ones between farmhouses are narrow tracks often tangled with bushes." (Segura Barreda, 1868, t. I, p. 83).

Even today the main road from Vinaròs to Alcañiz and Zaragoza, the N-232, has to go over two mountain passes (Querol and Torremiró) which in winter are usually closed for a few days because of ice and snow. There is an alternative route through Ares, Forcall, Sorita and Aguaviva, parallel to the other road and it mostly runs beside the Bergantes River.

Figure 3. Morella and the transport system



2. Settlement structure

The structure of the Morella region is basically organised around three different aspects, with sometimes conflicting and almost always complementary interests: the city of Morella, the villages and the farms. Morella exercises political, administrative and productive functions, serving a wide, fractured territory. All the levels of power (military, judicial, ecclesiastical and economic) and the dominant classes (farm owners, shopkeepers, liberal professions, artisans and subsidiary groups) are concentrated in the city. The peasants are in the villages and work from home and the farms provide almost exclusively agricultural work. They are three different worlds, governed by their own patterns of behaviour and values, but they complement each other to obtain maximum yields from an area with very few resources for humans.

At first Morella and its villages were a frontier community. The crown repopulated the area with free men authorising them to organise as a council, with jurisdiction over Morella and its villages. The basic features of this structure remained in place until 1691 when the villages acquired their own municipal statutes. However, from the Christian conquest until the abolition of seigniorial rights changes in the social, economic and legal organisation of Els Ports gradually introduced new elements, bringing a richer and more complex distribution of settlements.

Morella, apart from its demographics, always was and continues to be the city that concentrates the various services the area's inhabitants require. The productive structure of Morella has been urban since feudal times at least and may have mitigated the city's crisis in the 20th Century, while other settlement components deteriorated or even disappeared (the more marginal farms). Disperse settlement in the municipal area is still organised today into fourteen *denas* (an administrative area). Initially the *dena* was a unit for distributing municipal expenses and contributing to the upkeep of public goods (the city wall, hospital, roads, etc.). The *denas* also maintained numerous socialisation practices among their inhabitants.

2.1. Morella, capital of the region

Currently the Els Ports region is smaller than the area Morella organised and managed directly in the past: the municipal district of Morella, which has had 26 population centres since the Christian conquest, all of which currently constitute the Els Ports region, but some of the other municipalities now form part of neighbouring regions.

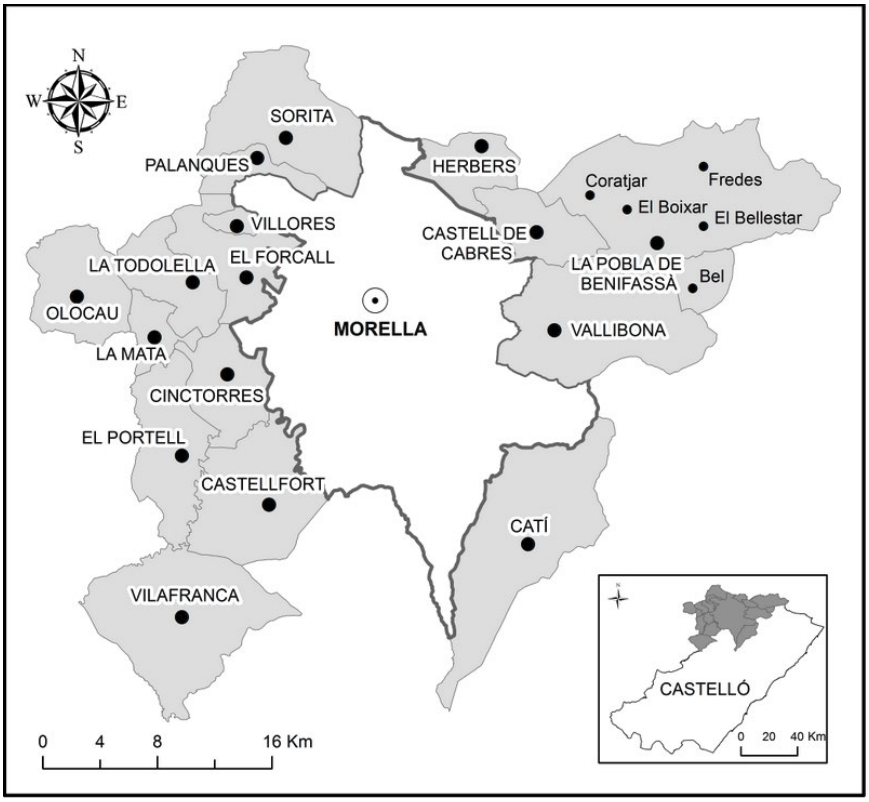
Morella was also a regional capital in the another basic area, ecclesiastical organisation, when the Saint Mary parish of Morella became seat of an archpriest in 1252 due to the importance of the city of Morella and the difficult transport links with Tortosa (Episcopal see). In the mid 15th Century this district covered a total of 43 parishes in the Els Ports region and some in l'Alt Maestrat, El Baix Maestrat and l'Alcalatén. The Saint Francis Monastery in Morella also played an important role in the organisation of religious life in the municipal area.

Another sphere where Morella consolidated its power was in civil administration as it was the head of one of thirteen governments in the kingdom of Valencia with a

territory that covered the entire hinterland of the province of Castelló, from the north to the Espadán mountain range which had 66 settlements in the early 18th Century.

Morella's strategic importance for the military was obvious throughout the centuries as evidenced by many troop movements in times of conflict and this importance was reinforced even further by the Carlist wars. As one of the most active spots during the first Carlist war, Morella was headquarters for the General Command of the Maestrazgo which covered 171 populations in the provinces of Castelló, Teruel, Zaragoza and Tarragona and was operational between 1847 and 1871. And after that date, for a brief 5-year period, its geostrategic importance even increased: "By decree of 11 February 1871 Amadeo de Saboya eliminated the General Command of the Maestrazgo and created a military government of the brigadier class in the province of Castelló, whose incumbent had to live in Morella, thus making it the capital of the military province of Castelló which, in addition to the current provincial territory, included part of Tarragona to the right of the River Ebro" (Pardo, s. a.).

Figure 4. The Els Ports region and the municipal area of Morella



In the 19th Century Morella continued to be the capital of various territorial entities. After the 1833 territorial division of Spain by Javier de Burgos judicial districts were created. Ten such districts were created in the province of Castelló, one of which was Morella, which included 26 villages (all in the current region of Els Ports, plus some from the neighbouring regions of El Maestrat) (Royal Decree of 21 April 1834). In addition to being the basic territorial unit for the administration of justice, they were also used for a long time as electoral districts for electing representatives to the Parliament of the Realm. In the last third of the 19th Century and the early 20th Century Morella continued to head one of the seven electoral districts for electing members of parliament. This area included its traditional judicial district plus some municipalities in the El Baix Maestrat region (Lay 1-I-1871).

2.2. The villages against Morella. Segregation and recognition of towns

The territory organised around the city of Morella in the last century was shaped in the Moorish period and, with some minor adjustments, the conquistadors adopted and established that delimitation in the early 14th Century. It was an area of over one thousand square kilometres, where the city occupied a central position. From the legal perspective it was Crown land and the authorities in Morella exercised broad legal and economic powers on behalf of the king. However, some smaller population centres had been given to noblemen and even the Church and so in the first few decades after the Christian conquest, disputes and claims were brought over certain rights between those owners and the Justice system in Morella.

Another source of opposition to the power in Morella lay in population centres which, although far away, had no municipal autonomy. In crown land in the municipal area of Morella, a differentiation was established between the villages (relatively active and powerful centres) and the *calles* or *ravales* (less populated areas) The villages had certain competencies (they had a justice system and a couple of jurors who governed each village on behalf of the Justice of Morella, with own funds, etc.) but there was no recognition of the legal personality of less populated areas. Morella exercised its jurisdiction on what were known as its villages and collected taxes that the villages regarded as abusive. The High Justice of Morella exercised all powers in all the villages. The local justices were mere representatives and delegates of the High Justice. Royal and community taxes were distributed by the council of jurors in Morella, without consulting the villages. Everyone had to pay for the "murs e valls" (walls and ditches) works on the city walls. In addition to this complex situation, in certain places the city of Morella had purchased jurisdictional rights from noblemen and the Justice of Morella acted in those population centres like the feudal owner.

Given the breadth of the territory, the difficult transport links and different interests, all the places in the municipal area of Morella had one thing in common: they challenged the central authorities in Morella over the control of com-

petencies. This conflict generated extremely costly litigation and was only partly resolved in 1691 when Carlos II decreed, in exchange for a generous donation, the segregation of nine villages in the municipal area of Morella, so they could have the same rights and competencies as any other town in the realm. At that moment, Morella lost approximately half of its area and population, in addition to a renewed challenge from feudal lords (lay and ecclesiastical) over the taxes imposed by Morella. Some of these places became independent when their lords achieved barony jurisdiction (Pla, 2009, p. 94).

The conflict between the walled city and its area of influence is a historical constant sometimes expressed with absolute violence, including physical violence and other times remaining latent. In fact there are two, fully complementary realities that need each other for practically everything, although rivalries have all too often diffused the importance of common interests. There are many examples of this rivalry, in past centuries and more recent periods, suffice it to note that in some wars, the villages and Morella supported opposing factions, as during the war of Succession, where the city was in favour of Philip V and the villages supported archduke Carlos, so that the people from Morella "could not leave the place without being mocked by people calling them the Frenchman's soldiers;…" (Eixach, 1988, p. 315).

But beyond these demonstrations, there is an obvious complementarity of the productive structure of Morella and that of its towns, villages and farms. Analysis of professions in the working population at the end of the 18th Century shows the unequal distribution of tasks, the hierarchisation, functions and services that Morella used to structure its territory.

Despite the fact that only 20% of males whose occupation is indicated on the document lived in Morella, they are mainly civil servants, noblemen, students and shopkeepers. Of all these strata more than half lived in the regional capital. There are also significant numbers of servants, lawyers and scriveners, clergy, manufacturers and farmers. In contrast, the numbers of day labourers and artisans are small. The regular clergy throughout the territory is distributed between a Dominican convent in Forcall with 7 members; two male monasteries in Morella (Observant Franciscans and Augustinians) and another female convent (Augustinian), with a total of 92 members. They have an administrative and religious function and also control the industrial-artisan sector. This concentration in the city of the economically most powerful groups and the largest farm owners, explains the concentration of dependent classes (servants and artisans). In contrast, the most disadvantaged social groups (day labourers and artisans) are concentrated in villages.

2.3. The farm: production unit and social cell

The permanence of this form of settlement over the centuries masks very different realities in terms of size, construction morphologies, organisation of work, etc. Even now the term "farm" includes very different socio-economic situations: from traditional farming operations to use of the facilities for rural tourism.

Table 1. Socio-professional structure of Morella and the towns and villages in 1786 according to the Floridablanca census

	Clergy	Noblemen	Lawyers/ Scriveners	Students	Farmers	Day labourers
Towns	96	7	17	44	1058	614
Morella	51	14	12	54	439	128
Total	147	21	29	98	1497	742
	Shop-keepers	**Manufac-turers**	**Artisans**	**Servants**	**Civil Servants**	**Total**
Towns	18	442	402	204	2	**2904**
Morella	19	231	20	179	22	**698**
Total	37	673	422	383	24	**3602**
	Clergy	**Noblemen**	**Lawyers/ Scriveners**	**Students**	**Farmers**	**Day labourers**
Villages	65.3	33.3	58.6	44.9	70.7	82.7
Morella	34.7	66.7	41.4	55.1	29.3	17.3
Total	100	100	100	100	100	100
	Shop-keepers	**Manufac-turers**	**Artisans**	**Servants**	**Civil Servants**	**Total**
Villages	48.6	65.7	95.3	53.3	8.3	**80.6**
Morella	51.4	34.3	4.7	46.7	91.7	**19.4**
Total	100	100	100	100	100	**100**

Source: Original work based on INE, 1991, pp. 5.465-5471.

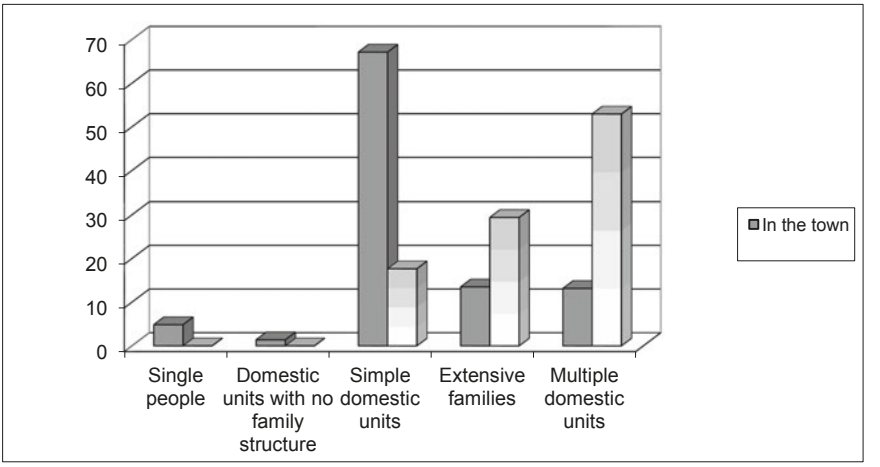
Farms are isolated compact units dedicated to exploiting the territory. They include a house and the constructions required for farming and livestock and they are surrounded by land for crops, pasture and forest. They are usually larger and more valuable than plots belonging to people in the town and they even have more livestock than the families living in urban centres. The farm is the unit for exploiting the territory. For centuries livestock farming for the wool markets predominated. From the end of the 18th Century production activity became increasingly re-directed towards subsistence farming and local markets. In recent times the economy has been based on growing various cereals, beans, vegetables and fruit, but in symbiosis with agriculture a rich and varied livestock farming has developed (for market, as work force and basic food) and is supplemented with forestry (firewood, charcoal, building materials and tools) and the collection of forest fruits and honey. Farm and family are deeply integrated, as many generations have lived

on the same farm for centuries and their surname is often used as the name for the farm and becomes the toponym.

The people on the farms are a fairly compact social group, clearly different from the communities that live in the municipal capitals and even more so, from those living in Morella. "The duality, with occasional tension, between people from the city of Morella and the those who live on the farms in Morella, is one of the most outstanding characteristics..." (Sangüesa, 1910, p. 13). This is so true that an episode in the city in the late 17th Century shows the clash of interests and the two collectives' different views and values. According to local historian Segura y Barreda on Sunday 27th March 1685 three hundred farmers armed with guns took the city and the fort, surrounded the homes of the local authorities and killed a citizen. Despite the ecclesiastical hierarchy's attempts to pacify them, they took control of the town until the Jurors agreed to all their claims. After the farmers returned to their homes, the chiefs sent messages to the authorities of the realm and Morella was immediately reinforced with hundreds of soldiers. However, despite the fact that all the men able to serve the city joined the troops, they did not manage to pacify the situation and for some years it was dangerous for people from Morella to venture into certain districts and in turn, farmers did not dare to enter the city in case they were taken prisoner. (Segura Barreda, 1981, t. III, pp. 297-300).

Analysis of family structures provides proof of the deep differences between farmers and the inhabitants of towns and villages.

Figure 5. Percentage distribution of Cinctorres families in 1817, according to P. Laslett's typology and differentiating between town residents and farmers



Source: Original work based on Alanyà, 2007.

While simple domestic units (described in modern terminology as nuclear families, i.e., parents and children) predominate in the town and complex forms (extensive plus multiples) barely make up 27% of households, among farm dwellers the predominant form of coexistence is married heirs remaining in the house on the property so that two married couples share the farmhouse. Thus multiple domestic units make up 53% of households. This group is followed by extensive families (those where the young married couple live with surviving relatives of the ascending line). Only18% are simple domestic units. This different organisation of families means that the number of co-heads of household in each home is very different in the town (4.2 members per household) and on the farms (7.2 members per household).

Other information from the electoral role identifies poor families. Of the total of 306 families, 129 households are classified as poor. All of them live in the town of Cinctorres and there is no indication that people living on farms do not have their needs met. Thus wealth is also a differentiating element between farmers and people in the towns.

This difference in wealth is obviously intimately related to the system of inheritance or transfer of wealth between generations. Again in this sphere there are differences between the town and the farm. For farms it was vital to keep the entire crop and livestock farming operation together so almost all the wealth was transferred to the first born son, whereas in the city and villages, a much greater proportion of wills fractioned the donor's assets into equal or similar parts and the core family model was less frequent (Ferré, 2010).

There are also differences in training and profession. In the early 20th Century 62.5% of adults resident in the urban centre of Morella could read and write, as against only 12.9% of farm dwellers (Sangüesa, 2010, p. 122). And the professions in both groups show the complementarity of productive functions in the countryside and the city.

Table 2. Professions in the 1910 census of the Morella municipal district

	Urban centre	Municipal area	Total Morella
Agricultural day labourer	292	256	548
Farmer	35	707	742
Shepherd	37	90	127
Primary Sector	**364**	**1053**	**1417**
Textile worker (male)	326	44	370
Textile worker (female)	75	25	100
Other trades	207	51	258
Secondary Sector	**608**	**120**	**728**
Tertiary Sector	**870**	**59**	**929**
TOTAL	**1842**	**1232**	**3074**

Source: Original work based on Sangüesa, 2010, p.63.

Among farmers there was an absolute predominance of crop and livestock farming, artisan or textile work from home was not very important and the tertiary sector almost non-existent. In contrast, inside the city, there was an absolute predominance of services and artisan work.

The economic crisis in the primary sector directly affected the disperse settlements. The farm, as an economic unit based on crop and livestock farming, loses its reason for existence when these activities become increasingly less competitive, while at the same time the market economy undermines the foundations of self-consumption and the search for the least possible dependency on the outside world. The penetration of capitalist relations in farming eliminates the logics of the farm model and emigration to industrial towns and cities, abandoning the age-old family farm, appears to be the only possible alternative to the deterioration in comparative terms in farmers' quality of life. The example of the municipal area of Morella is significant in the retreat of this model in the territory's productive structure. This crisis also diluted the traditional functions of the groupings of farms in *denas*, which had played an active role since the Middle Ages (Various Authors. 1986, p. 307). At present, the disperse population (around 600 people) represents 20% of the municipal census.

3. Population dynamics

The balance between the need for food and the abilities of the territory to provide it, as Robert Malthus explained, has always been weak and influenced by social distribution and level of technological development. But in the Mediterranean mountain, there has always been a plentiful supply of workers and not enough food.

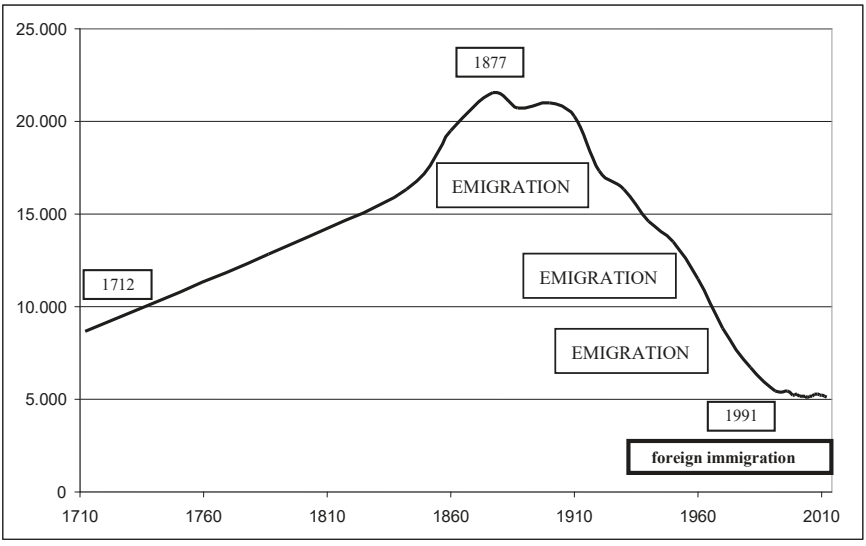
Els Ports is one of the Valencian regions which over the last four centuries did not expand as strongly as other areas at first, nor did it subsequently contract as much either. Thus, before the expulsion of the Moors (1609) 2.1% of Valencian people lived in Els Ports and currently only 0.1% of the region's inhabitants live there. The maximum population (21,572 inhabitants) was reached in 1877, and after that emigration set in (Mira, 1977 and 1978; Baila, 1990). Emigration began at the same time as the first steam engine was installed in the area (in the Giner factory).

Currently the number of inhabitants (5,200) is just under one fourth of the population that lived there one hundred and thirty years ago. Five generations have now been forced to emigrate. If the demographics had behaved like those for the whole Valencia region and migratory streams had acted in the Els Ports area in the same direction and with a similar intensity, these towns and villages would now be home to over sixty thousand people.

Emigration was more intense in the second half of the 20th Century due to the scanty perspectives for employment in the region and industrialisation and urbanisation in other regions in Spain and abroad. The uncontrollable exodus and excess of deaths over births which leads to severe population ageing have emptied the territory, which has a population density of barely 5-6 /km^2 and where it is necessary to travel tens of kilometres to find someone (Rosselló, 1995). The small population centres and disperse settlements characteristic of the area and closely

related to the dispersion of land suitable for cultivation have been affected most by the falling population. In fact, whereas in 1900 the region had 21,000 inhabitants, over 7,000 of them in Morella (35%), currently thirteen municipalities have just over 5,000 inhabitants, with over half of them in Morella. In the 1930s and 1940s, the population living on farms scattered over the large municipal area exceeded the numbers living in the capital and some of the farms were so important that they had a church and school.

Figure 6. Evolution of the population in the Els Ports region. 1712-2011



Source: Own work based on ARDIT-BERNAT, 2007 and the Instituto Nacional de Estadística.

During Francoism (1938-1975) the productive sectors went through one crisis after another. Poverty and marginalisation, heightened by the oversight of the public authorities, were predominant features and it seemed that the smallest villages would become totally depopulated. In fact some of them (Xiva de Morella, Ortells) lost their administrative autonomy and became part of the municipality of Morella, but with democracy and the decentralisation of the state and the subsequent growth of the coastal regions in Castelló the situation was rectified and numbers in these population centres have stabilised.

The current population in the Els Ports region comprises a set of people, daughters, granddaughters and heirs who refused to leave their homes and decided to stay where they had been born. They and their ancestors have kept the doors of their homes open and consequently, the villages alive, when it seemed that the only future was emigration. The exceptional power of that drain, which has continued for more than a century, has left these lands exhausted. Due to ageing

and biological weakness, every year around one hundred more people die than are born, so although in recent years the number of people leaving the area has fallen, the number of people native to the area continues to decrease.

The restoration of grandparents' homes by citizens who, despite having emigrated or being the descendants of those pioneers, have not broken their sentimental ties with their relations and their community of origin, now find in the mountains values which have always been present but never so highly valued as at present, explains what travellers might find strange. That is, anyone wandering through the villages with their magnificent houses and small palaces, clean and well kept squares and streets of extraordinary economic value, will note that on any working day during the winter they are completely empty.

In the last decade, the population census has remained stagnant due to the arrival of foreign immigrants as the native population continues to fall. The arrival of immigrants in Els Ports coincides with labour market saturation on the coast and in the main population centres which pushes them to geographical mobility in the search for opportunities. It is relatively easy for new residents to find work and housing. Currently, the region has around 700 foreign residents who represent 13.7% of the total population, with significant differences between municipalities. Most live in Morella and they are mainly Romanian. Their presence has very positive effects, as it has had on other rural Mediterranean regions (Buller, 1994). And in addition, their arrival has significantly halted the loss of population. Furthermore, immigrants cover the occupational vacuum left by natives in different sectors of activity. The men find work in agriculture, livestock keeping, construction, etc. and the women work in bars and restaurants, domestic service and care of the elderly. Also, their presence has not generated problems of integration and both parties impose employment and coexistence criteria.

4. The productive structure

The people in Morella have traditionally opted for livestock farming and home-based manufacturing to the detriment of more problematic agrarian resources. Livestock and crop farming which for so many centuries have nourished an expansive society, went into crisis at the end of the 19th Century. Nor did the textile industry develop fully. Throughout the 20th Century as emigration intensified, these activities have lost workforce and their presence (survival) often has testimonial value. Currently, the services industry is the basis of the productive structure.

4.1. The long tradition of wool working

As in other Mediterranean mountains, rather than on isolation and subsistence, the age-old economic model of the land in Morella was based on interactive market complementarity and transhumance. It was able to make the most of economic potentialities well in excess of the limited natural resources. Transhumance, almost always concentrated in just a few hands, organised the land in Morella, favouring

sheep over ploughing and the development of commercial livestock farming. In other words, for centuries the economy of the high lands in Morella was based on a limited agriculture, a strong tradition of transhumance, a broad diversity of artisan transformation activities and a notorious transport industry. The picture is completed with forestry, which was often communal. It was undoubtedly a very complex, multi-active economy.

The limitations of mountain areas for agriculture become advantages for livestock farming. Altitude increases rainfall, favouring the plant life cycle which in turn makes it possible to feed plentiful livestock. Historically, since mediaeval times at least, goat and sheep farming has been one of the main pillars of the economy. The intense wool trade that developed between this region and cities in the north of Italy is well known. (Rabassa, 2006).

The economic, social and cultural impact of livestock farming in the Els Ports region can be seen in the annual fair that has been held since Jaime I granted the privilege to the town of Morella in 1256. A tax document from the start of the modern era (1510) shows the extent of animal breeding in each town in the Kingdom of Valencia. Morella had 348 residents (including the farms in the municipal areas, but not the villages) and a total of 25,272 heads of livestock (mainly sheep) distributed among 129 owners. Therefore one in every three families in Morella owned almost two hundred sheep.

Reports and censuses from the 18th Century reveal the importance of textile production. "The people in Morella benefit annually from ten to twelve thousand arrobas of wool (around 138,000 kg). Only three thousand arrobas (about 34,000 kg) come from Morella, the rest is brought in from outside...Over 200 people in the area are employed in carding wools and around 150 in weaving. There are over 200 looms in action, which normally weave around 4,000 covers or blankets for beds; 8,000 belts for men; 6,000 blankets for horses: and 5,000 bolts of serge, the total product of which is less than half a million reales. The enormous amount of serge produced in Morella is not very profitable but it employs a growing number of people in the area. Women and young girls are employed in spinning…" (Cavanilles, vol. I, p. 11).

At that time, Morella and its region were one of the most important centres of the Valencian textile industry (Viruela, 1988). It was a home-based activity, with a clear division of labour by gender: women worked in spinning and the men's job was to card and weave. Morella had the largest number of producers and also distributed work in the region's municipal areas. The process of appropriating communal forest land also began at that time, encouraged by confiscatory provisions, and it continued throughout the 19th Century. In addition to the restructuring of property, there was a maximum expansion of agriculture (terracing mountain sides) and a retreat of meadows, matching the growth in population. The current landscape conserves the heavy impact of agricultural expansion (farms, terraces, draining of ancient meadows etc.) into land that was barely of any use for agriculture. This productive model went into crisis with the progress of industrialisation, urbanisation and the transport revolution.

The textile industry went through an expansive phase from the late 19th Century to the early 20th Century. In 1870, the Giner factory started up, one of the

largest companies in the sector, situated alongside the River Bergantes. It was an industrial colony and following the paternalistic business model, provided housing for the workers, a school, clinic and church. In addition to the large company, other establishments were involved in textile production in Morella and in other municipal districts like the Artola family company in Cinctorres. The Giner factory provided a large number of jobs for people in Morella and other areas and was remarkable for applying innovations to the production process by installing steam engines and mechanical looms which, as Martínez foresaw (1904, p.69), soon brought a significant reduction in the number of jobs and forced many loom operators to emigrate.

When the Giner factory closed in 1926 there were two remarkable consequences. Firstly, emigration became more intense (see Figure 6) and mainly in the direction of Sabadell and Tarrassa, in the province of Barcelona, where workers with experience in the textile industry found jobs with relative ease. Secondly, after the large company disappeared, the sector became fragmented in Morella, with small establishments that were unable to adapt production to demand and their numbers gradually fell. In the early 1960s an observer summarised the situation as follows: "Our factories are old and new machinery is very expensive. Any attempt at renewal is almost impossible because it is the equivalent of setting up a new factory... And the thing is our industry has been very spontaneous and family-run and that is no longer valid in the current circumstances" (Carceller, 1964, p. 84).

Factors that have contributed to the decline in the textile industry in the Els Ports region include competition from other regions and accessibility problems, which encouraged local entrepreneurs to seek economies of scale in other locations. In short, the textile industry has taken the inexorable route towards economic and demographic concentration on the narrow coastal fringe. There is still some activity in the region: six small establishments employing less than forty workers in total, plus two garment manufacturers that employ just over twenty workers, whose presence is due more than anything else to the desire to live and work in the area (Houssel, 1980; Quevit, 1986). Production includes traditional blankets, belts and saddlebags, in addition to jerseys, curtains, table runners etc. which are sold to order or directly to customers in small shops in the area.

4.2. Changes in the farming industry

The exodus from the farms and the ageing of farm owners who have no-one to work the land, have led to the abandonment of crops so that in the mid 20th Century the worked surface area was 17,200 ha, currently (2010) the figure is under 3,000 ha, just less than 3% of the total surface area of the region. 80% of the land given over to crops is used to grow cereals: corn, barley, oat, rye and above all wheat, which has occupied the largest surface area since the mid 1970s. Most of the cereals were used to feed livestock and the wheat was for human consumption, supplemented with fruit, potatoes and vegetables grown in tiny vegetable plots and meat from pigs and other farmyard animals.

The experience of breeding poultry and pigs for own consumption together with market demand and substantial profits explain the start of industrial and intensive livestock farming from 1955 to 1965 (Gozálvez, 1987). Similarly, the change in composition of the livestock is also related to the intense rural exodus and lack of shepherds. The diffusion of this type of agriculture in rural inland areas has helped to increase farming families' income and slow the exodus. Most of the farms are pig farms, as the drop in temperatures during the winter creates serious technical difficulties for poultry farming. The sheds are installed in place with easy access to tracks and roads and close to towns, with a greater concentration around Morella and Cinctorres. This activity has a negative environmental impact-visual due to the anarchical distribution of the sheds and is more evident from the point of view of smells.

The early saturation of the market with products from intensive farming and the inrush of integrative companies (meat companies and feed producers) in the production process have reduced farmers' profit margins. This situation, in combination with the dedication animals require and the advanced age of the business owners, has contributed to another change in specialisation. In recent years the pork and poultry sheds have been abandoned while numbers of cattle and (less so) sheep have gone up, thanks to grants and subsidies under the Common Agricultural Policy, otherwise many exploitations would not be viable. Changes in production were accompanied in the 1970s with the expansion of barley which took over the spaces released from wheat (Viruela, 1992). Cattle farming is much more convenient for farmers. They fence off the farm with barbed wire to let their cows graze freely and from time to time (every two or three days) they go to the farm to attend to the animals' needs.

Attacks from vultures have made farmers in the region unhappy. There is a Special Protection Area here for these carrion-eating birds and they attack adult animals with relative frequency, especially cows as they give birth because the placenta is very nourishing for their chicks.

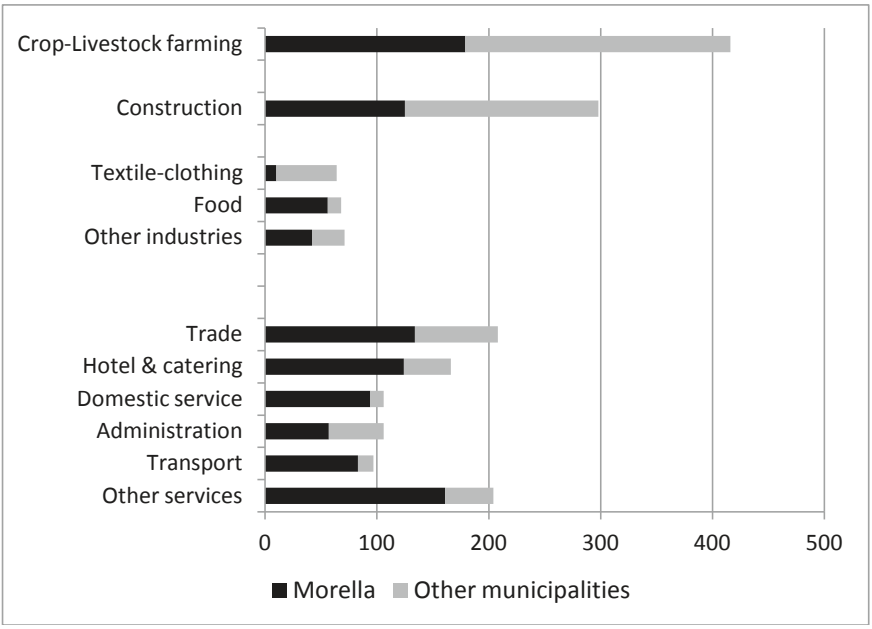
4.3. The importance of the tertiary sector

As in other periods, the employment structure of the city of Morella is unlike that of the villages and small population centres. According to the information provided by the State Employment Service (Figure 7), six out of every ten people in Morella work in the services sector, whereas in the rest of the region this sector employs almost as many workers as agriculture (around 32% each).

As Figure 7 shows, most workers in the tertiary sector work in Morella, due to its functions as regional centre. The city concentrates educational centres, health services, financial entities, hotels and restaurants, shops, various administrative services, etc., and its area of influence extends throughout the region. However, a large part of the activity is related to the influx of tourists. In fact, Morella, with its rich architectural, cultural and landscape heritage, is one of the most important inland tourist destinations in the Valencia region. Many tourists travel to the city to spend the day, others stay overnight for a few days or up to several weeks and the municipal area has a wide

variety of accommodation, in particular second homes (35% of 1,222 homes in the 2001 census), apartments and rural homes, in addition to 250 beds in seven hotels (Chamber of Commerce Board, 2010). The city receives tourists throughout the year at weekends, but the largest influx occurs in the summer months, when there is a significant increase in jobs, especially in catering establishments and small shops, where visitors can purchase typical products from the food industry: cheese, cured meat, truffle, cakes and pastries, etc. and textile handicrafts: blankets, jerseys etc.

Figure 7. Employment structure in the Els Ports region. 2009



Source: Original work based on the data in State Employment Service.

Industrial activity is not very significant in the Els Ports region. The textile industry, of great importance in the past, has been stripped down to the bare bones. The industrial scene is completed with various small factories (animal feed, cement, wood, cheese, etc.) most of which are in the municipal area of Morella. Construction, which a few years ago expanded timidly with the building boom (refurbishment of homes and new builds) and road improvements, has also been affected by the recent economic crisis, but it still employs around 300 workers.

The working population in the agricultural industry has fallen drastically as a result of the rural and agrarian exodus, but farming is still the most important activity in the smallest municipalities. For most farmers, work in the fields supplements livestock farming and many of the elderly obtain most of their income from retirement pensions.

5. Opportunities

The productive model in the municipal area of mediaeval and modern Morella was largely based on transhumance and the wool trade, as well as on the extensive exploitation of own resources. This approach was possible thanks to commercial ties and openness to the most active Mediterranean markets. It was an open model, beyond the strict limits of the general term and it supplemented other economies. It was thus possible to overcome the narrow ecological limits of the Mediterranean mountain, ensured a diversity of trades and sources of income and guaranteed the sustainability of that pastoral society.

Exceptionally strong population growth in Valencia in the 18th and early 19th century demanded new resources, reorienting productive activities towards more intensive farming. During this period many of the ancient meadows and common lands were ploughed up. But the crops the mountain could sustain (such as cereals, potatoes, and vines) were not competitive in urban markets and they were largely redirected towards self-consumption. This phase coincided with deep changes in ownership structure due to liberal reforms and with them long periods of instability and uncertainty due to the Carlist wars. In the late 19th and early 20th Centuries the commitment to modernise traditional textile manufacturing revealed the scanty options for an increasingly marginal territory in relation to dynamic areas. Consequently, the productive model in this second phase increasingly retracted to the strict municipal area of Morella, with declining external connections and little diversification of production. And the only viable alternative for many families in the area was emigration.

In the last few decades the age-old organisation of the territory has been transformed by the impact of globalisation. Some elements have lost their functions and with that their meaning, whereas others have become valuable resources that merit being showcased. At the same time, immigration associated to globalisation has revitalised society, breaking the downward demographic trend that threatened the very existence of the whole system. In parallel, improved transport links are making it possible to overcome in part the age-old isolation and marginality of this mountainous region. The territory, rather than continuing to be an aggravating factor in the crisis of the last century, could become a new stimulus and lever for local and regional development.

Els Ports, like other mountain areas, is synonymous with a natural territory of great environmental value which enables activities that are increasingly in demand from the urban population, such as quality agriculture and livestock production, use of forest resources, aromatic plants, wood, truffles and other fungi, game, honey, etc. These products have a greater economic impact when value is added by appropriate transformation or preparation for sale or when they are consumed in the area. One example of Morella's potential is that it hosts a gastronomic conference in the first few months of the year coinciding with the end of the season for harvesting black truffle (*Tuber melasnoporum*) and it attracts many visitors.

Tourism is undoubtedly one of the most important industries. The number of tourists who visit Morella and the region is modest but is gradually increasing.

They are attracted by the gastronomy, landscape and the magnificent architectural and cultural heritage. The population has been making great efforts in this direction and have won the 2011 Heritage Prize granted by Spanish cities that have been declared UNESCO World Heritage sites, an award which Morella aspires to and if achieved would be an extraordinarily significant attraction for development in this region at a time of increasing demand for cultural tourism. Of course, it has plenty of resources, including, among others, the castle, the 13th and 14th Century walls, the mediaeval aqueduct, noblemen's houses and small Gothic-style palaces and the archpriest's basilica of Santa Maria la Mayor and the Convent of Saint Francis, also in Gothic style. There is also Morella's intangible heritage, represented by the fiestas of the Sexeni which have been held every six years since 1673 in honour of the Virgin of Vallivana in gratitude for deliverance from the plague that devastated the population in 1672. Alongside this type of tourism there is also rural tourism with rambling, excursions, cycle tourism, adventure holidays, etc.

The region's main problem, as occurs in other areas affected by emigration, is the lack of human capital. Severe population ageing is a brake on innovation. Immigration to the region in the last decade has been very important, as without its contribution, the population would have continued to decline and many jobs would have remained vacant. But revitalisation of the area requires a sustained migratory flow over time. In the current economic circumstances it is difficult to predict what the direction of the flows will be, but it is likely that in such disturbed times, the rural environment will be a good refuge. Maintenance of the population structure in the region is just as important, as it is essential to have activity throughout the territory. And for that to happen, all the municipalities must remain inhabited, even the smallest ones, those which in previous times had their own personality, as well as the great farms that united spaces.

To ensure generational renewal and stimulate the area's economy, it is fundamental that the native and foreign population decides to stay for a long time. Resources are needed to boost public services (education, health, social assistance...) and private services (to citizens, companies) and to help diversify economic activities. This type of action will help to create the socio-employment conditions that will retain the population. In this regard, the new communication technologies have an essential role. If the facilities and infrastructures are good, distances and isolation disappear.

Globalisation and the new communication technologies can put any territory on the map, however small, and so it is becoming increasingly more compatible to live inland and work for a company with headquarters and facilities outside the region. With teleworking it is possible to live in villages and in cities there is detailed information in real time on the services, activities and leisure opportunities that the area offers.

On a local scale small business initiatives have been developed, in some cases very imaginative ones, but they generate little employment. Important projects require cooperation and associationism between entrepreneurs. It is fundamental to create the broader commercial structures that an increasingly internationalised market demands. Subsidies for the region from different public authorities are nec-

essary to boost new products and for company creation, but to be successful, there must be associationism and greater social cohesion to overcome the traditional individualism. Similarly, the multiplicity of public authorities with competencies in the territory will obviously require greater coordination and collaboration than that which currently exists. The municipalities, including Morella, have such limited resources that they need to operate jointly to provide adequate services. The frontier situation of the Els Ports region between provinces and at the same time, between three self-governing regions, rather than being a weakness, as it has been historically, could become an asset if some of the initiatives (in Castelló (Valencia Region), Tarragona (Catalonia) and Teruel (Aragon) achieve their objectives through greater institutional cooperation.

The effects of the current crisis are terrible, especially for the most vulnerable (citizens and territories) but they also open the way to new perspectives and opportunities. Although not a comprehensive list, we recall some of the advantages of mountain lands. The effects of unemployment are less traumatic in the rural environment than in the urban one: in Els Ports the proportion between the number of registered unemployed and the working age population (8%) is half that of the province of Castelló as a whole. Ageing (obviously one of the problems of depressed areas) is the reason why three out of every ten residents in the area collect a retirement pension (in the province the proportion is half that). Due to the entrepreneurial character of the people from Morella and the surrounding areas, dependency on the job market is less marked: half the active population is self-employed. The business structure is based on small and medium-sized enterprises which adapt more quickly to changing market conditions. In periods of crisis like the present, there have always been return migratory flows, and although it is evident that these flows affect the Morella area in both directions, it is also indisputable that this land offers guarantees for families who, living in cities, are being hit by economic adversity and are considering returning to their villages. Finally, diversification of many families' financial resources (cereal crops, market garden, forest, livestock, rental from a building, rural holiday home, different types of pensions, some days working outside the home, gathering truffles and fungi, etc.) and their traditional lack of consumption, at least in monetary terms, gives them a greater ability to withstand the current crisis.

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7 Cultural heritage and/or development? Impacts of cultural heritage, tourism and cultural governance on space and society in Bamberg (Germany) and Gjirokastra (Albania)

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1 Introduction, research question and outline of the problem: The "culture-development-nexus"

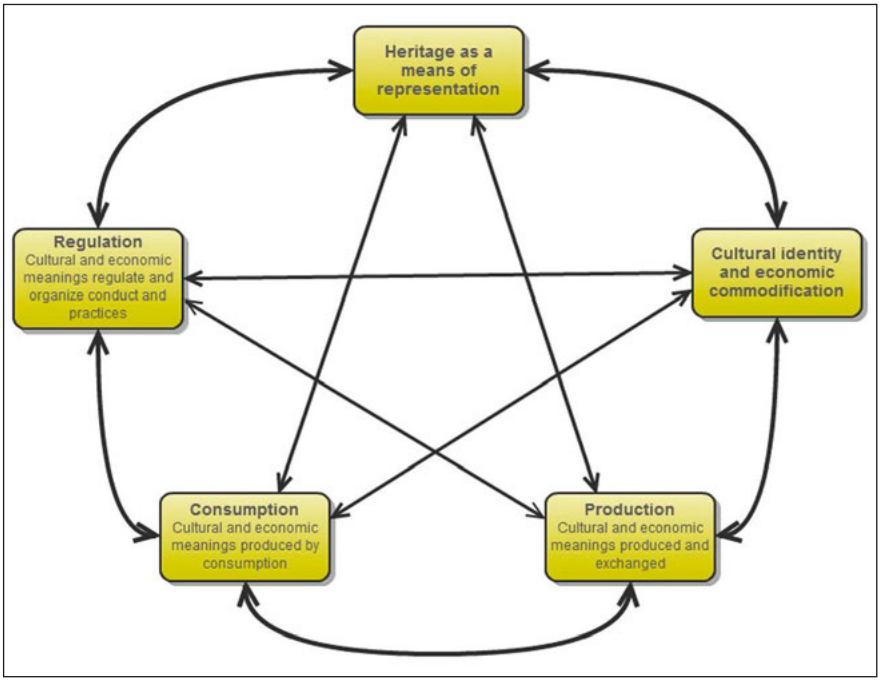
Heritage conservation in general and the cultural heritage sites of the UNESCO in particular are aimed primarily at preserving historical and cultural values. Quite often, the approach is connected to an economic effect: Cultural elements are interpreted deliberately and systematically as part of spatial development strategies, mostly at the local level and with a focus on tourism. The nexus between cultural heritage as an element of regional identity and, at the same time, as a factor of economic development serves as the rational of the following analysis. We stress on prospects, problems and limitations of the culture-based approach of local (territorial) development, which aims on a close integration of territorial

identity, culture and governance –a combination, which is far too often problematic and conflict-ridden. The contradiction between culture and development or, in other words, between use and conservation is, of course, not a new one. But, we underline the argument with the impact of different forms of cultural governance which lead to a re-interpretation of local territorial development, and we do so in a comparison of two urban UNESCO-heritage-sites of the second row, Bamberg (Germany) and Gjirokastra (Albania). Embedded in totally different spatial and socio-economic contexts, they are genuinely connected in their search for a balanced and sustainable socio-economic development.

2 Cultural heritage and Geography: The UNESCO-impact

Graham et al. (2000, 2f) propose that –based on Hall (1997)– heritage is a mechanism that produces meanings and is reciprocally reproduced by it (see fig. 1). According to this presumption, heritage leads to the fact that: "meaning is marked out by identity, and is being produced and exchanged through social interaction in a variety of media; it is also being produced through consumption. Finally, meanings also regulate and organize our conduct and practices by helping set rules, norms and conventions […]. [But] Heritage also exists as an economic commodity, which may overlap, conflict with or even deny its cultural role" (Graham et al., 2000, 3).

Figure 1. Circuit of Heritage



Source: based on Graham et al. 2000: 3.

This multi-level conjunction produces not only complex correlations but also problems as well as opportunities. Especially the globally highly anticipated List of UNESCO's World Heritage Sites is a major field of interest here. Raising sites in the level of a *unique heritage of mankind* produces a multi-scalar network of stakeholders from the global (UNESCO itself) via the national to the local level. This multi-actor structure of cultural governance often leads to a clash of global, national and local policies, as the UNESCO-guidelines indirectly intervene in the urban governance. This increases possibilities for a clash of the municipal offices for urban development and heritage conservation. But also the fundamental question of heritage preservation of *conservation*, *restoration* or *reconstruction* is effected by UNESCO's World Heritage policies (Schmitt, 2011, 67).

Cultural governance includes state run institutions as well as nongovernmental organizations of cultural policies. While state run institutions of cultural governance are mainly organized in hierarchical structures from global to local (e.g. European Union –national/state cultural ministry– local municipality), the nongovernmental organizations normally do not have any power to impose sanctions. But also the UNESCO is dependent on those non-hierarchical policies of control and regulation. According to Risse (2007, 61ff), this can be guaranteed by two different modes of social acting and social control: (1) by positive affirmation and sanctions that lead to a calculation of cost-benefit-relations; the following of those standards are a result of an egoistic utility maximization. (2) The actors are voluntarily following the standards and rules as their legitimacy is broadly accepted due to moral validity.

Therefore, in our present case study the constellation between the UNESCO as a normative Element of the global cultural governance and the regional context of Central Europe and post-socialist Southeast Europe hast to be kept in mind. List (2007, 237) examined that in global regimes cultural heterogeneity causes an exacerbated definition of situations, goals and objectives. The World Heritage regime and the UNESCO with headquarters in Paris are often seen as the "global heritage preservation authority" with westernized heritage preservation conventions and Eurocentric cultural values (Schmitt, 2011, 113 a. 155; Schmitt & Schweitzer, 2007, 347). To this effect, the geopolitical conditions of post-socialist phenomena of transition are in the Southeast-European cultural areas of a high contrast. The normative preconditions of the UNESCO and the World Heritage idea lead especially in World Heritage cities with alternating lifeworlds (Ger.: *Lebenswelten*) of their citizens to different anticipations in Central Europe and Southeast Europe.

In the framework of urban World Heritage sites the civil society plays an equally important role. But even with nearly 1000 sites inscribed (962 in July 2012), still today, being a World Heritage site is seen as an important factor for economic development. Keeping in mind that the label World Heritage is certified majorly a potential for tourism, at the same time, however, it has to be mentioned that especially less well-known small- and medium-sized cities can profit from this (Schmitt & Schweitzer, 2007, 345).

In every day's life, the construction of symbolic domains is strongly influenced by heritage (Graham et al. 2000, 41). Timothy & Nyaupane (2009, 35) as well as

Schmitt (2011, 359) found out that the World Heritage status is particularly in less developed countries an identity-generating element. The recognition of outstanding universal values by an institution of the international community, such as the UNESCO, strengthens the recognition and revaluation of the own culture and together with it also the identity. In peripheral places, the World Heritage status means a disproportionally high growth of modernity, internationality and cosmopolitan intellectuality (Schmitt 2011, 359f). Also Wöhler (2008, 43) approved by the concept of *heritagefication* that cultural heritage creates territorial reference points for the development of personal and collective identities. It has to be clarified, if along with the pure scientifically established practices of heritage preservation, also the local production of meaning and sense can be found, which is of special interest in the research on inner logic (Ger.: *Eigenlogikforschung*). In this combination it is of importance whether for governance and civil society the present value of the monuments are a represented by a pleasant environment and an impressive line of sight or if it is the preservation of the underlying historic structure.

In connection with heritage preservation, the question of *conservation and/or economic valorization* (or, as mentioned above, *protection and profit*) is frequently asked (Luger, 2008, 23; Hughes & Carlsen, 2010, 20). Keeping in mind that heritage "is the most important single resource for international tourism" (Graham et al., 2000, 20), the economic aspect of being a World Heritage site is truly an important one. But especially by conservative conservationists the touristic use of heritage is generally seen as a threat. In rare cases indeed a touristic overuse can be observed, mainly in the case when the authenticity of a site (or an immaterial tradition) is nearly or completely gone. When watching for example at Venice, Prague or Dubrovnik, where rising rental prices and tourism masses led to strong segregation and an expulsion of residential usage by the local population in the historic cores; some tendencies of such an intensive touristic demand can be observed even in Bamberg (northern Bavaria, Germany). But in most cases the touristic capacity of a World Heritage city is far from an overuse, especially when a town was at best known as an "insider's tip" on the touristic mental map. For this reason, tourism can be seen as an economic potential for growth, how it is the case in southern Albania's Gjirokstra. But to be able to do good governance of heritage preservation and the right dose of touristic valorisation, integrative and cross-linked concepts are needed, which can be found by a scientific exploration of case studies.

3 Comparing Bamberg and Gjirokastra: Different places, same problems?

The following examples of Bamberg (ca. 70.000 pop.) and Gjirokastra (ca. 20.000 pop.) are both medium sized towns in their countries. But not just their national importance as a regional centre –in terms of Christaller's (1933) central place theory– is of equal range. Both towns have a late medieval heritage, covering major parts of the settlement (Bamberg 142ha; Gjirokastra 162,5ha). Even the historical development of the settlements, starting from a citadel (Gjirokastra) or

a cathedral (Bamberg) on hilly terrain into a more open field, shows many similarities. But from this seemingly comparable context, the present situation of both cities' World Heritage areas couldn't be more different. Many of those reasons are strongly connected with both countries' recent past. While Germany recuperated from WWII's devastating impact with a more or less linear economic growth, Albania's way was led into isolation under a strict communist regime, resulting in a consequent decline of its economic and humanitarian situation after 1978. With the fall of communism in 1990, Albania started another difficult journey. The socio-economic transition into democracy, whose impacts are predominant today in every way, are the next deep "break" (as described by Nitz 1995) in the countries' development and causes a significant remodeling of Albania's rural and urban cultural landscape.

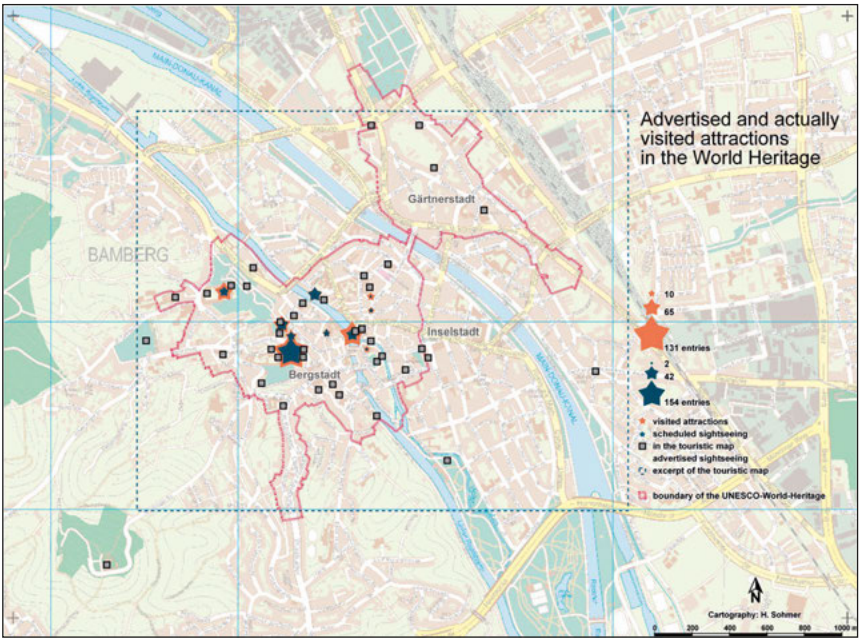
3.1. The creation of a new cultural space: the differing way to UNESCO

The basic discrepancy of both cities on their way to the UNESCO-list can be seen in the function of the heritage, meaning that heritage is kept as such for economic, political, cultural or social reasons (Graham et al., 2000, 17). While Bamberg's application for becoming a World Heritage site can mainly been seen by the "classic" economic reason, which is tourism, Gjirokastra's history of preserving main parts of its historic values is due to political reasons. Being the birthplace of the former Albanian dictator Enver Hoxha, the inauguration of the protection of Gjirokastras old town was in 1961, when the town was made a so called "Museum City" (Al.: *Qyteti Muze*). After the fall of the communism, Gjirokastra (and Berat, the second museum city of the country) were the more or less only cities of the country, whose historic centres were not completely changed by the concept of the socialist city and the following transitional imprint, e.g. the intensive informal developments during post-socialism, which are characteristic in and outside the cities. Having for this reason the highest potential of becoming Albania's first World Heritage city, the former communist idea of the museum city was reactivated and proposed to the UNESCO, resulting in its inscription in 2005.

In the case of Bamberg this procedure took place a bit earlier: It was exactly two decades ago (by Dec. 11, 1993), when UNESCO put the old town of Bamberg on the list of world heritage sites. This was the result of a longer process: First considerations went back to the year 1980. In 1984 Bamberg entered the tentative list; a full application has been presented in 1991 which was accepted at least two years later. All in all, this means that Bamberg is celebrating the anniversary "20 Jahre Weltkulturerbe" (Welterbezentrum Bamberg, 2013, 4). The key factors were, next to the architectural and historical qualities, the specific characteristic of some parts of the city which have been (or sometimes still are) used by agriculture and gardening, a phenomenon which has been called an "anachronism" by Bender & Schumacher (2001, 26). However, the world heritage site is mainly perceived as the inner area of the historical town and especially as some prominent monuments (Kremer et al. 2011, 64ff), neglecting the northern part of the whole UNESCO-ar-

ea where horticulture is predominant. This is not surprising, because in relevant information materials the World Heritage Bamberg is communicated in this way, too (fig. 2). However, this perception differs diametrically from the normative interpretation given by UNESCO.

Figure 2. Bamberg: Boundaries of the UNESCO-heritage and main touristic sites



Source: Kremer et al., 2011, 66.

3.2. The role and relevance of Tourism

The sheer statistical comparison of official data shows the discrepancy of the economic impact of tourism in Bamberg and Gjirokastra. With its 70,000 inhabitants, Bamberg counts 6.3 million daily tourists per year [sic!]. This number counts all visitors, regardless of whether they come from the distant U.S. (the main source of international tourists) or from the close surroundings of Bamberg. More significant is the latest number of 564,600 tourist overnights in 2012, which means an increase of 45% during the last three years (Stadt Bamberg, 2013, 3), but is due to an exceptional touristic season because of a special exhibition (Ger.: *Landesgartenschau*). However, in 2011 Bamberg's Tourism and Congress Service counted at least more than 510,000 overnights. The monetary effect found its expression in a gross turnover of € 225 million (in 2010, TKS Bamberg, 2012).

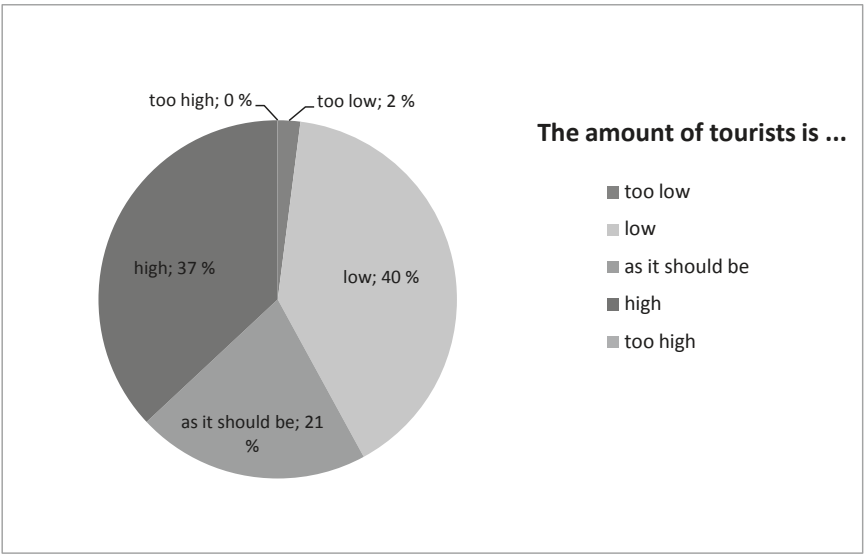
Besides high rises in national visitor numbers of more than 30% compared to the previous year, the total amount of international visitors to Albania in 2010 was at less than 2.5 million (UNWTO: 2011), while most of them were from the neighbouring countries of Kosovo, Macedonia and Montenegro, where lots of ethnic Albanians live. More problematic is the information situation on a regional basis, as data on daily tourists and overnight stays in Gjirokastra do not exist. But, the official visitor numbers for the Gjirokastra castle (the city's dominant monument, which is visited by nearly all of its tourists) can give an impression on the dimension of tourist arrivals to the town: In 2012, the entrance board counted 11,147 visitors in the castle, being an average of around 30 per day (MTKRS 2013).

Obviously, there is a strong interdependence between World Heritage and tourism in Bamberg. After all, 85% of the visitors know that Bamberg is on the UNESCO-list (Kremer et al., 2011, 64). The regional economic effects of the tourist's expenses are respectable: More than 4,800 people generate income from tourism (TKS Bamberg, 2012). Beyond that, the additional intangible effects of the touristic demand are extremely difficult to estimate. Main profiteers are hotels, restaurants and, in addition, retail trade; some of them are more and more specialized on the needs and demands of tourists. Located in the direct vicinity of the main touristic hotspots, they influence and form the shape of the historic city –sometimes in problematic ways.

The economic impact of tourism in Gjirokastra can hardly be outnumbered, but recent empiric studies show that from 311 residents in the historic part of the town, just 14 (4.5%) declared to personally profit from tourism. As businesses for touristic purpose in Gjirokastra (and elsewhere in Albania) are mostly small and medium sized, they are purely family run establishments. Therefore, nearly no external employee or even professional training can be found in order to increase the economic outcome that tourism could develop. Nevertheless, 85% of the inhabitants in Gjirokastra's old town see the World Heritage status as something positive.

While being asked about the amount of tourists in Gjirokastra, none of the residents answered that the number is too high, but many stated that there should be more tourism in the town (42%) (see fig. 3). Contrary to this, in Bamberg the dimension of the touristic use, but also the increasing numbers arouse fears of an increasing stress on the world heritage and the cities inhabitants. Even the local newspaper reports of this in one of the latest headlines ("Rekordzahlen wecken Ängste", Fränkischer Tag, 2012); all in all, the report focuses on the conflict between conservation of cultural heritage as an economic factor and the need of a sustainable regional development. In Gjirokastra, the focus of its urban development is closely linked to a high increase of tourism. Therefore the local offices of the Ministry of Culture and even the National Preservation Institute IMK (Al.: *Instituti i Monumenteve të Kulturës*) in Gjirokastra state in interviews that tourism is *the* future perspective of the town as needs to be strengthened (meaning that this is the only perspective). Even the local office of the Ministry of Culture admits that its single working order is to develop the tourism in Gjirokastra.

Figure 3. Amount of tourists in Gjirokastra as seen by the residents (SURVEY 2012, N=309)



3.3. Cultural governance and cultural heritage management

The responsibility and jurisdiction of all belongings relevant to the UNESCO-heritage in Bamberg is given to the local authority. Therefore the "Welterbezentrum", a municipal office, serves as a kind of centre of excellence regarding the management of the World Heritage. This institution may also serve as a first and main pillar for the formation of a possible "World-Heritage-Cluster" in the near future, which will, based on culture and cultural heritage, strengthen the regional economic component in Bamberg. Another part of this network is the University of Bamberg with its profile in cultural sciences and humanities. There, both theoretical and conceptual basic knowledge and fundamentals as well as practical skills are taught *in situ* with cultural monuments in Bamberg as examples. On this basis and in direct contact with the object, a number of planners and craftsmen got specialized in the field of World Heritage, conservation, and restoration. Main objectives are the pooling of existent resources, in order to induce synergetic effects, to increase relevant networks, and to support spin-offs from the university. Activities of this regional centre of excellence –which was already called a "cluster" by officials in an annual report (STADT BAMBERG, 2006, 14)– extends far beyond Bamberg.

By contrast, Gjirokastra is still lacking a working state authority that effectively deals with the management of its World Heritage area. Having been under surveillance of the central government after being made a Museum City in 1961, the town profited from a huge financial and professional attention during communist time. After 1991, Albania started a decentralization of government and strengthen-

ing of its local communes, but just in the case of the two Museum Cities Berat and Gjirokastra the main part of the political power remained in the capital Tirana. This leads to a crack between the local government, which is lacking a major part of its competence in the World Heritage area and the national government, which is running two regional offices (one of the Ministry of Culture and one of the IMK). As a result, Gjirokastra has for example two concurring tourist information offices (one of the Ministry of Culture, one of the municipality), of which both are not working properly. At last, the local government is led by the Socialist Party, while the national government is of its political counterpart, the Democratic Party. In general this constellation does not need be defective at all, if there would not be major threats in Albania's political culture of debate. Kaca (2011, 230) described the Albanian political environment as contrary to a liberal democratic society, being characterized by „monopolization of power, direct –physical– confrontation of political opponents as well as missing willingness to compromise". Due to a lack of experience with democratic leadership, political-ideological struggles for power usually are fought on a personal level (ibid.). Furthermore, still today, in Albania, most of the former communist political elite maintained to remain their power. Keeping in mind, that in Gjirokastra a lot of different political institutions on heritage preservation on a national and local level are involved, a further gap between new political elites and "old elites in young democracies" (Veen, 2007) becomes comprehensible.

The state run governability of Gjirokastras World Heritage site is due to this political blockade strongly limited. As a result, the execution of heritage preservation policies more and more shifted to nongovernmental organizations. Of two operating NGOs in Gjirokastra, especially an internationally experienced (and funded by the Swedish government) organization provides valuable best practices and expertise. The ability to acquire funds from international donators such as the EU led to the realization of several conservation projects on medium scale. But rather important is the link to the civil society, where information and participation slowly starts an awareness raising in the population of the historic centre in Gjirokastra. Another crucial point is the relationship between the several governmental and nongovernmental institutions of cultural governance which is highly defective as the NGOs have to pass a complicated set of rules and regulations to fulfil their work, while the elites of the governmental institutions are consequently struggling for legitimacy due to the successful work of the NGOs.

Nevertheless, an NGO cannot (and should not!) completely cover all tasks of a World Heritage site. For this purpose, the soft non-hierarchical policies of control and regulation (see Risse, 2007, 61ff) on a local level are not effective enough to cope with regional and national governmental policies. Because of the elementary weaknesses of the political culture of debate and the consistently important role of old elite, the instalment of a state run "World Heritage Centre" like in Bamberg would currently be much too early.[1] Before the internal discrepancies on the gov-

1. In fact, Bamberg cannot serve as the best example at the moment, because the position of the head of the "World Cultural Heritage Centre" is vacant during the objective's 20th

ernmental side of the cultural governance are not settled, the creation of a World Heritage management would mean just another dysfunctional public institution.

To conclude, World Heritage and tourism are two strongly connected entities that are carrying each other, if properly used. But despite showing far diverging forms of governing their World Heritage sites, in both towns there is no direct connection of the Institutions dealing with World Heritage and preservation policies and the tourism management of the town.

3.4. Urban World Heritage Sites: Working with the people

Post-socialist phenomena of transition like e.g. uncontrolled building activity cause seemingly unsolvable issues between attitudes on heritage preservation and the civil society's demands on modern living-conditions. From the perspective of heritage preservation unplanned, non-integrated and oversized building extensions and transformations on monuments are (together with demolition) one of the biggest threats for the heritage stock. The reversibility of those changes and a modern but harmonizing architecture with the existing building stock are the basement for the legal permission of such construction projects. But the post-socialist reality is different here. Being allowed for the first time since more than 45 years to own private property, also the citizens living in historic cores are asking for a fast adoption of their living space onto modernity. The extension of living space is an easy and common way of doing so (see e.g. Bouzarovski et al., 2011). Understandably, for most citizens, especially those ones, who are not involved in World Heritage and tourism, the values of cultural heritage are not a priority (fig. 4).

The former socialist system lastingly destroyed a fertile civic culture in Albania (see Almond & Verba, 1963, 1980). Still today the countries' civil society is unable to create functioning collectivist approaches such as volunteering or the creation of endogenous NGOs that could express the needs of the residents. Generally speaking, an urban World Heritage site does not function without a strong cooperation between cultural governance and civil society. While especially state run institutions are less experienced in public participation, the local NGOs try to gather the inhabitants' interest by creating information evenings, community days or even the participation in granting for restoration works. But Interviews with experts as well as with more than 300 residents show that still the public is full of preconceptions towards the governmental and also towards the nongovernmental cultural heritage institutions. This low-trust society (Putnam et al., 1993; Merkel et al., 2003) is driven by often recalled phenomena like corruption, clientelism and nepotism. Together with this comes a wrong expectation on the work of the international society, which is generally being perceived as donors and aiders. What may be true for e.g. UNICEF or UNDP, surely is –in monetary aspects– not

anniversary in 2013. Searching for the shining star we could recommend to take a look at Regensburg, where things are going quite better at the moment (Batrla 2013).

the task of UNESCO's World Heritage concept. Expressions of residents like "the UNESCO is an organization that does repair roofs" (a given answer in one of the interviews) goes far beyond the initial idea of World Heritage.

Figure 4. Informal extensions on historic buildings are common on most houses in the World Heritage area

Source: M. Bickert 2012.

Compared to Albania, contemporary Germany looks back on six decades of democratic tradition and a functioning and viable civil society; this stability is perhaps the greatest achievement of the post-war period. So, in Bamberg are a lot of examples of at least constructive participation of citizens like –just to name two of them– "AG Bahnsinn" (a relatively new group which votes for alternative concepts regarding the upgrade of the railway tracks; see below) or an association called "Bewahrt die Bergstadt", which looks back at a quite long tradition (they started to fight against the plans for a new road in a very sensitive urban area). These associations are more or less instruments of public monitoring and serve

as a kind of advisory board. All in all, as a result of different preconditions and more potentials Bamberg's society has more experience with civic participation. An approach for further improvement could be to include these viable groups into planning and discursive decision making in advance, not ex post (which is the case far too often until today).

3.5. Urban change: threats…

a) Bamberg experiences

Referring to the problem of a sometimes necessary urban change in the conditions of the world heritage, two major urban projects are currently in a very tense and sometimes emotional public discussion. First, there are the plans of the national railway company in the context of the high-speed track Nuremberg-Erfurt, which crosses the World Heritage. In the current form this project will lead with a high probability to the loss of the World Heritage title. The problem (in these terms) is not the railway, which crosses Bamberg since more than one and a half century. The problem will arise when new tracks will be built which means in a legal sense that an efficient noise protection has to be built at the same time. But these protections (media reports on walls with six meters height) will be highly visible in the urban structure and interrupt historic sight lines. After several interventions of the above mentioned groups the most drastic plans seem to be cancelled, but the basic question how to improve modern traffic infrastructure which crosses a World Cultural Heritage is still not solved.

The second is the implementation of a new shopping mall in the historic town: The project, which started more than 10 years ago and was named "City-Passage" in that time, is continued now under the label "Quartier an der Stadtmauer" ("city wall passage", which sounds more historic). In the opinion of the critics it will not fit in any scale of the neighbouring old town. More important, however, is the fundamental problem of whether in view of the revitalization of the downtown historical substance may be destroyed. In this context, the question "how to integrate a mikvah (a Jewish bath, probably originating from the 15th century) into a modern shopping centre?" is almost a side note (but a highly sensitive one).

Additionally, there are lots of further threats even in Bamberg which could be reported: It is the intensive rededication of former agricultural land by new housing areas and the loss of urban gardening as singular phenomenon in urban structure of Bamberg (which was highly relevant for the approval of Bamberg as UNESCO-Heritage) or the use of former permanent housing space for temporary used holiday flats for tourists.

b) Gjirokastra experiences

First of all, the biggest development threat for Gjirokastra's old town is the fact that there is actually no major economic development at all. The main reasons for this are a steady loss of inhabitance and regional importance. Since 1990,

Albania suffered an exodus-like rate of out-migration of more than one third (approx. 1 mio) of its population. Furthermore, high rates of internal migration from the mountainous hinterland to the central lowlands increased the depopulation of peripheral areas, while causing in the capital Tirana the rare case of post-socialist hyper-urbanization (Göler, 2009). Nevertheless, by being still a regional centre, also in Gjirokastra a post-socialist urban development took place, but this was concentrated on the new part of the town. The functional centre completely shifted "down" into the more open terrain. Whilst the socialist urban reconstruction normally effected all urban settlements in Albania, in the case of the Museum City, the new centre was not placed instead but next to the existing town-centre. This was the initial of a bi-polar urban development, which in communist time surely saved major parts of the historic structure. Today the old town is lacking most of the functions of an urban centre, such as administration or trade and other services (Bickert & Göler, 2013). Besides residential use for a truly overaged population, the former ottoman business district around the old basar is now allocated with small commercial use for tourists such as small bars, restaurants, souvenir shops and handicrafts. But already 50-100m far from the main touristic spots empty shops and abandoned houses draw at some points the picture of a ghost-town (fig. 5).

Figure 5. Gjirokastra: the old Basar

Source: G. Glötzl 2011.

The biggest threats for the historic structure of Gjirokastra are so far no large-scale projects like in Bamberg but the high amount of small-sized informal building activity. By law, changes on the façade –and in the case of special high value monuments even in the interior space of the houses– are not possible without a governmentally approved restoration project. In reality observations in the whole World Heritage area show that on up to three quarter (73.3%) of the inhabited residential buildings informal changes and extensions have been made.

Last, the restitution of ownership after the communism caused an extremely high rate of privately owned houses. Combined with the high rates of out-migration and the sheer size of the typical Gjirokastra house, today some of the buildings have due to the distribution of estate among heirs and coheirs up to 72(!) owners, of which most are living outside the country. Another effect of privatization is the fragmentation of formerly family-occupied houses into different housing units, which creates a mosaic-like restoration state of single buildings (fig. 6).

Figure 6. Mosaic-like restoration on a single building

Source: M. Bickert, 2012.

3.6. …and opportunities

A successful urban development for Gjirokastra is due to the lack of economic alternatives strongly connected with a preservation of the town's World Heritage

site. So far this given endogenous potential for tourism showed only a little economic impact and offers much potentials for further intensification. This would also mean to use other internal strengths for this purpose, which is so far not connected to heritage preservation and tourism. One of this is the small University of Gjirokastra. With the subjects of History and Geography the University covers two scientific fields that share common grounds with UNESCO World Heritage. Nevertheless, like in Bamberg, the instalment of studies on heritage preservation would generate knowledge and manpower in further protection of Gjirokastra's outstanding values. This could be connected with a partial relocation or new installation of some faculties of the university in the old part of the town and would also conduct to a rejuvenation and vitalization of the old town. At last, due to the recent economic crisis, more and more Albanians tend to re-migrate from Greece to their place of origin. Having been one of the main sending regions of the approx. 600.000 Albanian migrants in Greece, Gjirokastra is setting high hopes in a successful returnee's business. But today contrary to earlier examples of successful returnees (see Göler 2007), the forced remigration seems to show very limited positive economic impact so far. First results of a recent study on return migrants to Gjirokastra (in Oct. 2012 conducted by the Universities of Bamberg, Tirana and Prishtina) show that most businesses are founded unplanned and in unfavourable location. Together with broken hopes most of those small enterprises do not contribute on gaining positive spillovers from out-migration. So far the Albanian state has no experience with in-migration, but if a sustainable concept on systematic reintegration of this still economically solvent group can be developed, return migration could become a big opportunity not just for Gjirokastra.

The opportunities for Bamberg's future development are not as obvious as in Gjirokastra. One main reason surely is –besides all threats– the town's vital economic development, where tourism is playing an important role. The challenge is to keep this high level by constantly creating marked-orientated offers for tourism. But also being a modern town with perspectives for urban and economic development in harmony with the historic structure of the World Heritage area, is a constant matter for the future. Here, the scientific and human capital of Bamberg's University is a major opportunity. Geographers, conservationists, sociologists and economists are altogether sharing competence in combining these demands of a further development for the town, but should be more fruitfully joined together. Another opportunity for modernization is a (former) military area, because the US-Army will leave Bamberg at the latest in 2014, meaning that some 100ha "new" space will be available inside the municipality. This could take the high pressure out of Bamberg's real estate marked, which seems to be a bit overheated these days, as there is a big demand on the one and a remarkable housing shortage on the other side. Last but not least, this would be also a relief for the stressed inner urban garden areas, which are constantly transformed by new flats and apartment houses and already lost in some parts.

4. Conclusion

Schmitt (2011, 285) described for the case of the World Heritage regime, how from the global scale down to the national scale many problems evoke out of regulative-institutional challenges which occur due to the confrontation of traditional and newly created Institutions. Along with this are coming cognitive-discursive challenges, which are emerging from cutting legitimacy and the moral claim of authority of the traditional institutions. So, to understand the actions of the actors of cultural governance, the institutional context of the institutions must be known.

We assume that this cannot just be applied from the global to the national, but also on an internal scale, where several national and local institutions meet. Especially in the case of countries in transition, where an institutional restructuring led to clash of old and new institutions on governmental and nongovernmental side, this fact needs to be considered.

Even if the situation and perspective of future development may differ substantially, the basic and connecting element UNESCO World Heritage is somehow put at risk perpetually. In fact, Bamberg as well as Gjirokastra are in danger of being placed on UNESCO's red list. The crucial factors in Bamberg are several large-scale projects in or around the historic centre; these are the expression of a certain socio-economic development momentum, generating a pressure on Bamberg's built fabric. In Gjirokastra, what a twist of fate, it is exactly the opposite: the lack of such economic dynamics and the lack of capital lead to a lot of small-scale, individual and informal measures, giving the impression of a rather chaotic development, which is step by step undermining the ensemble of the old town.

The topics outlined and the examples illustrate the perceived or the existing contradictions between "culture" and "development". It was shown that the valorisation of cultural monuments –in Bamberg as part of the intensive touristic use of the world heritage– has an enormous potential to enhance regional economic benefits on the one hand. On the other hand, there are various limitations: Any type of over-use, primarily caused by intensive tourism when local patterns are more or less overprinted by too much tourism, threatens the necessary authenticity of a World Heritage site. But this is also true under the absence of any kind of touristic demand. So, the pleading is to promote re-interpreting local territorial development in terms of the cultural approach as a more or less "well-balanced development".

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8 The public institution of cultural cooperation: a new form of cooperation in the region's service. Case study: the 'Quai' in Angers

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Culture in France has always been the prerogative of the State. With the creation, in 1959 of the ministry of culture entrusted to André Malraux, the State emphasised its political will in the matter. Even so, local scale intervention developed immediately after the Second World War, in order to promote cultural centres outside Paris and create special international and national events in the provinces. Cultural festivals like Avignon Festival or the Lyric Musical Festival in Aix are here to demonstrate this creative vitality and to help make the events part of the region's identity, thanks to local willpower and the presence of a few personalities. The decentralization laws have helped to bring about the development of local initiatives.

Today, local authorities are supporting ambitious cultural projects. In this way, culture has become an essential element of identity and development. The label "Marseille-European Capital of Culture 2013" and the economic development generated, demonstrates what is at stake in the world of culture today. Over and above the willingness to respond for the individual's or the target public's benefit, culture represents a vector of a social cohesion and a developmental factor through the dynamics that it can generate. However if culture has long been considered either a State matter or a matter for local authorities, other types of joint actions have appeared. The State's services through namely the Regional service of Cultural Affairs, in this way bring their financial support to local cultural initiatives. Moreover, a significant number of national museums have created local branches, for

example the Louvre in Lens, the Pompidou Museum in Metz, or the Arab World Institute in Tourcoing. Protocols for cultural decentralisation have been signed between the State and the regions or departments in the heritage areas or artistic fields, the day following the application of the act 2nd March 1982 concerning the rights and the independence of the municipalities, departments, and regions. Recently other types of combined cultural intervention have appeared, an example of which can be found through the public cultural cooperation institutions (PCCI). These cooperation programs came about from the elected officials' request to benefit from a structure dedicated to a specific aim: to combine State's and local authorities' money. This would also allow the projects to emerge from the associate status; flexible in its functioning but lacking a professional image.

In accordance with Article 34 of the Constitution of 4 October 1958, which leaves the setting of the rules concerning the creation of the public institutions to the law, the creation of which would not only concern the legislator. However, the creation of this new category of public institutions comes from a senatorial law proposal, which clearly shows the pressure from the local elected officials in favour of this creation; the Senate representing the local authorities of the French Republic at the National Assembly. (Article 24 of the French Constitution).

Introduced by the act n° 2002-6 dated the 4th January 2002 modified by the act n° 2006-723 dated the 22nd June 2006, the public cultural cooperation institution (PCCI) is a new structure which allows the association of the following bodies to work together for the same cause: the State, the local authorities, and their workgroups or just the latter. The specificity of this tool comes from its specialisation and its public law status. Here, the legislator is looking to provide a tool, adapted to the cultural sector and to escape from the integrated management logic or the development of associations.

This structure, due to its objectives and field of action, constitutes a local development issue. However, the rigidity of the management and the structure imposed go against the initial objectives. A teaching and development strategic tool, the question of what cultural development strategy is at work arises. Thus, if at their level or from their objectives point of view, the PCCI's should be the force for local cultural action they are more often a management and planning tool and not always clearly identified on the local scene.

If this status has very much been acclaimed by the local elected officials,[1] who have been for a long time been asking for the creation of such a status, it does however come with a certain number of pitfalls.

Flexible in the way it works, it follows the movements of the cultural sector. The people in charge can effectively opt for an administrative status or advance towards an industrial and commercial logic which would guarantee even more flexibility. The majority of PCCI's have thus opted for the industrial or commercial regime. In March 2010, 42 PCCIs out of a total of 57 in operation today, almost 3 out of 4, have chosen this option. This is not without consequences from an organ-

1. L'EPCC, Un nouvel outil juridique pour la culture? J.-M. Pontier, AJDA 2002, p. 430.

isational and applicable rules point view, the public inter-municipal cooperation institution that are able to, under this hypothesis, recruit employees on a private law contract and therefore not being obliged to resort to statutory personnel.

Another ambiguity resides in the legal status; as a local development tool, the PCCI's have essentially been created to implement the State's cultural objectives, when the State is party. Oscillating between national interest and local interest, the latter seems to suffer from a lack of recognition in the goals and objectives that are assigned to them.

The Quai in Angers is an illustration of this, as it was created relatively recently through the fusion of two pre-existing structures.

The Quai is effectively a new theatre which combines the Nouveau Théâtre, Angers and the National Contemporary Dance Centre. The option of being a PCCI seemed to be an obvious choice due to the nature of the National Contemporary Dance Centre, as a national public institution.

However, the choices made deserve to be analysed, both from a regional aspect and management strategies aspect.

Supported solely by the Town of Angers and the State, and not by the urban community, the structure goes far beyond the town, in terms of impact. If this demonstrates why the status is attractive, questions are also worth asking concerning the relevant regional level in culture and the complexity of actors in the French system. Therefore, we investigate this new tool supported by the Town of Angers in part (I), and follow with the demonstration of such a creation in part (II).

1. A key actor on the local cultural scene

Today, the cultural diffusion is in the hearts of the local development elected officials. A town is very often known thanks to its festivals or cultural programs. The construction of the Quai corresponds to the town of Angers' choice to combine pre-existing structures whilst developing new areas.

1.1. The choice of the public cultural cooperation institution

The status PCCI is relatively recent because it became part of our positive law with the act dated the 4th January 2002, which is codified today to article L.1431-1 and s. of the general local authorities' code.

This act demonstrates the desire to develop new forms of cooperation structures in the shared competences areas which associate, at the same time, the State and the local authority. The aim is to be able to obtain two different types of finance; one devoted for this cause coming from the State and one that comes from the local authorities. Therefore, we see a series of sectoral structures developing alongside the classical form of the inter-municipal cooperation, which allow the construction of these co-operations in the cultural, educational, health, or even social sector. The logical thinking behind the construction of the network solve both managerial and identity problems. The sharing of funding leads to considerable

savings, with at the same time, the development of a program concerning several regions. The presentation of a supra-municipal ambition also shows, most of the time, the willingness to use these tools for the promotion of the locality in its entirety and not just in a community dimension.

Under Article L. 1431-1 of the general local authorities' code "local authorities and their associations can construct, with the State and national public institutions, a PCCI responsible for the creation and management of a cultural public service being of interest to each of the legal entities involved and contributing to the achievement of national objectives in the field of culture. It does not include services which, by their nature or by law, cannot be provided by the local authority itself."

The PCCI can be constructed in partnership with the State and one or more municipalities. It can also be, under the article L. 1412-3 of the general local authorities' code, composed solely of local authorities and/or their associations. The creation of a PCCI always comes from a State decision, even if for the institutions, which regroup solely the local authorities, the idea is their initiative. In the Angers area the choice of the PCCI status imposed itself, insofar as it acted to regroup in the same place two pre-existing structures: the Nouveau Théâtre, Angers and the National Contemporary Dance Company. The Quai was opened as a PCCI in 2007 between the town of Angers and the ministry of culture and communication. According to the presentation leaflet, the Quai was designed to be a place of exchange; enabling dance, theatre, music, opera, but also world music, circus arts, performance arts, and further still plastic arts.

The activities of the Quai take place at the heart of a new infrastructure of an imposing architecture, implanted on the river-side of the river Maine. The PCCI, at the same time; regroups two existing structures which do not benefit from their own premises adapted for these activities, and encourages the development of new ones.

This PCCI covers the administration of three structures:

- The Nouveau Théâtre, Angers (NTA)
- The National Contemporary Dance Centre, Angers (NCDC)
- The PCCI the 'Quai': for a program composed of: circus arts, music, artistic activities specially adapted to a young public, and atypical forms.
- Also the Angers Nantes Opera presents some of its season's opera there.

The Quai constitutes a fairly topical example of the structures mentioned by the reporters of the bill. The reporters put forward three categories of institutions susceptible to transform themselves into PCCI's or to adopt the form:[2] certain museums, certain higher education establishments, production and/or diffusion structures for example orchestras, opera houses, and drama or dance theatres. Essentially, therefore in the legislator's eyes, the PCCI consists of structures aiming for regional diffusion or at least a diffusion covering the population of the town. The Quai is defiantly a success from an architectural point of view, even if the

2. J.-M. Pontier, prev.

choice of a large agora or gathering place, does not seem to correspond with the current thinking concerning energy saving. The running costs of the structure are therefore regularly strongly criticised.

1.2. A national and local ambivalence

In France, the public institutions category is different from the local authorities' due to its specialised vocation. Classically a public institution is created for the management of one or several public service missions, assigned by the State or a local authority. The development of the inter-municipality has brought about the creation of public institutions, benefiting from multiple affiliations; even though today we see the development of mixed public institutions, combining the State and one or more local authorities at the same time.

The foundation of a PCCI profits from a prefectural order however the question as to whether its connection is national or local arises. The foundation by prefectural order could indicate that the public institute is national. But other elements tip the balance towards a local public institute. Amongst these elements we note: the integration of the device into the general local authorities' code, the fact that the personnel are subjected to a local civil servant status –under the hypothesis that the administration of the institution is public, and the fact that the rules relative to the legality control of acts and budget control designed for local authorities, are applicable. This leads to the conclusion that the PCCI is really a local public institution with potential participation from the State. We are therefore partaking in the development of new forms of intervention which aim to associate regional decentralisation with service by service decentralisation, with the same objective.

The choice of the PCCI status can be understood by the necessity of a partnership between the State and the local authorities concerning this problem. Under the General Revision of Public Politics and the reorganisation of the local authorities of the State, the State has conserved specific decentralised services in culture through its regional cultural action management. The reorganisation of the local State does not therefore impact on the cultural services, which conserve their specificity even if elsewhere the budgets have been reduced. Thus, the cultural decentralisation in combination with help from the State has constituted a conventional method, in the cultural sector, for the exercise of joint powers by excellence.

The creation of the PCCI status also demonstrates the acknowledgement of local authorities' intervention in the cultural field and the necessity for the local authorities to have access to a dedicated tool. Under article L. 1431-3 of the general local authorities' code "the PCCI is administrated by a board of directors and its president. It is managed by a director." When the public institution is constituted between the State and one or more local authorities, its board of directors is composed of five categories of members:

- Public entities representatives, members of the PCCI
- Qualified persons
- Personnel representatives

- When called for, foundations' representatives
- Students' representatives, in the institutions "whose objective it is to dispense information or professional artistic training".

The law imposes that the majority of the representatives are public entity representatives. In the beginning, the State representatives were not to be present in more than half the number of the local authority's representatives and their associations. This reference was deleted in 2006.

Under the article L.1431-4 of the general local authorities' code the local authorities or their associations' representatives "are appointed from their number by their councils or deliberative bodies for the duration of their remaining elected office."

The representative(s) of the State are appointed by the prefect.

The PCCI's solely composed between local authorities do not include State representatives in their administrative council.

According to the Berthod report (June 2010), at the end of March 2010 there were 57 PCCI's in France, dispersed over 18 regions of metropolitan France, with one in the overseas department of France (Réunion). More than half of the PCCI's identified are in just five regions, each region counting 5 or 6 PCCI's. These regions are: Centre, Haute-Normandie, Ile-de-France, Pays de la Loire, Rhône-Alpes. The regions which do not have PCCI's are Alsace, Champagne-Ardenne, Corsica and Midi-Pyrénées. The town of Angers is involved in 4 out of 5 PCCI's which are present in the Pays de la Loire region; we can see that this status has proven to be very prosperous in this specific region. The number of PCCI's went from 57 in 2010, to 93 in December 2012, which proves the worth of the status and its operational character.

We must admit, the PCCI status has acquired a certain amount of success. Also, it appears to be an appropriate status for a certain number of objectives. However, the choice of the town of Angers being the sole support for the Quai in Angers could arouse debate.

2. An actor supported by the town of Angers at the service of the areas development

Culture can be the object of a transfer of competences for the inter-municipality. This was not the preferred option across the Angers area. However, this choice deserves to be debated.

2.1. Cultural politics remain communal in Angers

The town of Angers is part of an urban community, which today assembles thirty three municipalities. The urban community is defined as a group assembling several municipalities, to form –when it was created– a body of more than 50 000 inhabitants in one piece and without enclaves around one or more municipality centres of more than 15 000 inhabitants. These municipalities assemble together, in

the heart of a solidarity centre, with the aim of working together towards an urban development and spatial planning project for their region. Here, the willingness is to define together, a development strategy which goes beyond the boundaries of the municipalities alone. However, the cultural policy in the Angers area is not a policy that has been transferred to the inter-municipal structures. It therefore consists of a field which is still of interest to the municipality, even if very often the initiatives go beyond the boundaries of the municipality. It is the case for the Quai, where 70% of the subscriptions are from people who are not residents of the town of Angers. The theatre benefits from a geographical overflow of consumption and an appeal that goes beyond just the town itself.

Consequently, two conclusions can be drawn.

Firstly, taking account of the history of the two institutions transferred within the PCCI, which owing to the fact that the Nouveau Théâtre, Angers is supported by the town of Angers, it would be logical that the new structure would be also.

Secondly, from a more factorial point of view and in line with the local realities, the infrastructure is the subject of a large geographical overflow of consumption and that it was most judicious to support this fact, which generated a benefit for all of the inhabitants of the town, through the urban community. This choice was not made for two reasons at the same time: the willingness of the town of Angers to keep this infrastructure for themselves but also the acceptation –more or less implicitly– to support some of the expenses of centrality.

Even though, under this context of support and divers subventions, the town has benefited from a large proportion of the budget which falls on the local taxpayers'.

2.2. A cultural policy questioned

The choice, in terms of cultural politics, deserves to be questioned from a fiscal equality point of view and from a policy aspect.

Concerning the first point, the principal problem lies with the appeal that the infrastructure benefits from. A large part of the subscriptions are effectively outside of the town of Angers (70%), even though the weight of the investment is supported by the town's residents. The big hall of the Quai, which comes under the town of Angers' development objectives, is at the Mayor's disposition each year. Ambitious in its architecture and yearly program, the structure is not seen from an inter-municipality point of view. Basically, the town of Angers has accepted to extend the benefits of the use of the hall to the entire population of the urban area, in a philosophy of cultural diffusion and the centrality of expenses. In this case the inhabitants of Angers may feel somewhat aggrieved about supporting the main costs of the hall, without the performances really being accessible. This vision is however offset by the fact that other infrastructures, such as the tram, are funded by the urban community even though the inhabitants of Angers procure the most benefit; in this way a 'circumstance dependent solidarity' is installed which benefits one or other of the actors.

The cultural policy is effectively to promote new subscriptions and to make users loyal. The benefit of the subscription consists of a substantial reduction in price. Some

people can automatically benefit from this price reduction, depending on the age group and the type of public, which allows people to be placed in advance and the availability of places therefore estimated. Certainly, it appears that the programs provided are intended to adapt to the diversity of audiences. Special attention is paid to young people and people with disabilities, cultural mediation, taking the neighbourhoods into account, is therefore conducted. However, the initial objective of the Quai to be an open place with permanent animation does not seem satisfied. The large hall, an agora at the Mayor's disposition, remains largely empty. The project comes under the perspective of the restructuration of the banks of the river Maine and could eventually lead to a new appeal for this site in view of the neighbourhood's global animation.

Some of the public are supported such as the youth, the unemployed, and State benefit recipients. The tariffs range from 5 Euros (for those who receive State benefit) to 23 Euros for a place without subscription. No distinction is made according to the spectator's place of residence. However until recently, resident and non-resident rates were used which was in contradiction with European law,[3] this is no longer the case. People resident of a different municipality from that of Angers, therefore benefit from the same advantages as the townspeople without having to support the investment and the running costs of the structure.

The PCCI status has enabled a structure supported by the State and an objective of the town of Angers to come together in the same place, but in reality the status does provide some difficulties. Each individual body continues to work by itself; this leads to a lack of global vision for the less informed citizen. The program is prestigious but the subscription policy leads to a restriction of opportunities for a new public combined with a lack of communication, leads to an insider practice of culture. The PCCI status has however helped the town of Angers to acquire a cultural development tool with at least regional and national (for the Contemporary Dance Centre) diffusion. The status needs to be included in a more open policy for the city.

3. The objective of a local cultural policy

The town of Angers has made culture one of its development axes. Here the culture is seen to be a place of fulfilment, opening out to all of the different public and an element of economic development.
The cultural objective would however need to go past the town's borders in order to become a real cultural dynamic across the catchment area.

3.1. The culture, a local development vector

The culture in France is diverse and multifaceted. Recognition of the French gastronomy as part of world heritage of humanity also shows the diversity of cultural expressions.

3. CJCE 16th January 2003 Commission contre Italie aff. C-388/01

For a city, culture is at the same time: a vehicle for social cohesion, an identifier, a method of promotion, but also a guarantee of openness. Culture has struggled to be recognized in France as a public service and in the early twentieth century the doctrine to this, was relatively hostile. Maurice Hauriou's comments about the theatre are well-known:[4] "The theatre produces major drawbacks in glorifying the imagination, letting the spirit grow accustomed to an artificial and fictional life and exalting the passions of love, which are as dangerous as gambling and intemperance. " Therefore, the Dean Hauriou can only welcome the State Council's condemnation of the idea of transforming the theatre into a public service, "as in the period of Roman decadence, circus games." However rapidly, administrative jurisprudence demonstrated its willingness to integrate cultural public initiatives into the public services.

As a result, many forms of initiatives legally coexist from this point of view.

Firstly, we find all initiatives come from a purely commercial philosophy even if these initiatives could take place in public places. Also, we always find a certain number of private theatres, as well as many local level community initiatives that enable a region to live and develop.

The creation and function of a structure like the Puy du Fou in Vendée or the Marciac Jazz Festival were originally a private initiative, supported and backed by public action. In both cases they are events of national and international notoriety which take place in predominantly rural areas. The town of Marciac for example, normally only consists of 1234 inhabitants. The Marciac Jazz Festival is a combination of public and private initiatives; the community built upon and supported an event which was originally started by an association and one individual person. Volunteering is in both cases the foundation of success and one of the characteristic aspects.

In addition to these shared initiatives, public intervention has largely developed with the clear intention to support artistic creation. The consolidation of cultural specificity, the support of the cultural sector, and a protective status granted to the entertainment industry, have been an essential part of the area's cultural development.

These initiatives sometimes suffer from a lack of coordination in the area. As it was stressed over and beyond this proliferation of initiatives, in the Angers area there is a cultural policy held by each municipality with no real willingness to work together. Faced with these initiatives the Pays Loire Angers has tried to bring a certain amount of coordination to the initiatives.

The *Pays* in France came about through the desire of women and men in the 1970s, to encourage local development, mainly in the west of France. The *'Pays'* is defined as an area of coordination, originally intended to bring together all the forces of the area and today is partly refocused on public actors.

In 2009, according to the Association for the Promotion and Federation Country's website there are 371 *Pays* in France. The *Pays* are acknowledged by the Pasqua Act which dates from 1995 which was strengthened by the Voynet Act 1999.

4. CE, 7 April 1916, Astruc et société du théâtre des Champs Elysées, Rec. p. 163.

But they lost their legal basis with the 16th December 2010 act, which permitted the *Pays* already created to continue to exist but prevented –at least in the text– the creation of new ones in the future. The *Pays* remain an important aspect of the local structure, despite the doubt created about whether their existence was to be called into question due to the 2010 act, because they animate and bring to life a catchment area that extends beyond the limits of a simple public institution for cooperation. For example, the *Pays* Loire Angers includes four public inter-municipality co-operations (one urban community and three municipality communities) for a total of 68 municipalities. The area coherence scheme, which defines the main development strategies for ten years has been designed and developed across the *Pays*.

In this context, a policy of coordinating cultural initiatives was conducted with two key actions: promote initiatives and give an identity to the *Pays* and synchronise the dates of various events. The goal here is not to encroach on communal philosophy but to try to achieve more structured schedules.

The actions of the *Pays* in the Angers region are presented in the following way on a dedicated website:

> Support for live performance and creativity by the foundation of artist residencies (reading, cinema) and support for the municipalities in the dissemination of entertainment in suburban and rural areas. This support takes the form of the mutualisation of communication across the *Pays* during the area's cultural season 'Scén'au fil'.

The aim of the communication is to raise public awareness by promoting links between performances and cultural activities while mixing disciplines (heritage and know-how, visual arts and performing arts for the project Label Loir) or talents (amateur and professional musicians for the "Boeuf blues" Authion Loire Valley School of Music).

The public meeting on an area's project: "3rd Biennial meeting of the major rivers of the world" by intersecting scientific and educational components, and festive and cultural components.

Here, it appears that the aim is essentially to support culture in rural and suburban areas without the feel of a collective emergence and without the city centre being the driving force.

Thus, even though the *Pays* tries to provide a consistent program and common support in suburban and rural areas, the culture is not the joint responsibility of the inter-communal structure Angers Loire Métropole, each of the thirty-three member municipalities keep an eye on this issue. If this choice leads to a greater presence of local dynamics, it also generates a number of adverse effects in the choice of the location of infrastructures (multimedia libraries, for example) or a lack of joint vision on issues of cultural development. In an era of scarce public money this fact can lead to some questions that do not seem to upset completely all existing practices.

3.2. Cooperation with multiples faces

The contemporary era in France has tended to promote cooperation and networking. This willingness has found its way to the municipal level and it has also expanded to other concepts. The emphasis of cooperation in the hospital, university, or cultural field, illustrates this commitment.

Numerous in their areas of intervention, the co-operations are also within their scope of action. Consequently Angers and Nantes have associated together in the body the National Orchestra of Pays de la Loire, in order to develop a program and a trans-departmental tool. Yet, in the field of the Fine Arts, cooperation between Tours and Le Mans was chosen. The Ecole Supérieur des Beaux-Arts (National Schools of Fine Arts) in Tours, Angers, and Le Mans have indeed united in a PCCI with an inter-regional vocation. This institution brings together two regions, three departments and three cities. It accommodates 580 students and 110 teachers.

The Anjou festival, a renowned theatre festival, owes its creation, according to the official history, to an intervention of the Prefect Morin in 1950. Morin gave a gala evening at the theatre Brissac which due to its success was perpetuated. Thereafter, the Angers festival became the Anjou Festival, supported by the department (the Maine-et-Loire), with several different performance venues.

The festival evolved into the form PCCI in 2009. This PCCI combines the department of Maine-et-Loire, the municipality of Doue la Fontaine, and the municipality of Plessis-Macé. The Anjou Festival attracts an average of 23,000 spectators a year. This figure makes the festival the second largest national theatre festival after Avignon.

If these tools as such are undeniably part of the local cultural diffusion and development objective, the lack of the overall coordination of the area's impact is somewhat unfortunate. Therefore it is surprising to see that in terms of classical music, cooperation between Angers and Nantes is established; but in the field of Fine Arts, Tours and Le Mans attract more attention. The aim of the National School of Fine Arts is to develop Master and higher education type training and it is quite surprising that the thinking was not conducted in conjunction with the Region Pays de la Loire. This demonstrates the need to let natural cooperation and the institutional life of each structure grow, but which may be of surprise in the current climate where we try to develop coherent and globalising area strategies. Here the cooperation schemes are numerous.

These examples show that, contrary to a discourse too often held in France, multiple co-operations are possible, with a very likely advantage of flexibility for the actors. Furthermore, these collaborations are also advantageous in their functioning, midway between federative and integrative.

The desire here is to use a common institutional tool: the PCCI allows a unique presentation with a multiple institutional reality either located in a single location or in multiple regions. In this way the federation could well be internal to the structure as is the case for the Quai in Angers, or multi-site, as is the case for the National School of Fine Arts. The objective sought is at the same time; a means of cooperation, but also to reach a threshold effect that will gain visibility at the national level.

The examples that can be found in Angers either through the Quai, the National School of Fine Arts, or the Anjou Festival show that this creation has truly enabled the development of ambitious tools at the service of a cultural objective. The presentation is achieved even if, from a practical point of view, a review concerning the institutional functioning and added cooperation value is clearly still required. The employment of only one director for a multi-site school such as the National School of Fine Arts, can indeed cause problems that are not difficult to imagine. The Regional Orchestra of Pays de la Loire's method of functioning has enabled the cities of Nantes and Angers to benefit from its program and support an advantageous cultural tool, but this necessarily leads to financial decisions or somewhat difficult practices.

The management autonomy conveyed is clearly relative, in so far as the budget of the structure is largely driven by grants from member communities and it is dependent on the composition of the Board of Administration. Yet, the opportunity to establish an Advisory Board clearly highlights the legislature's problems of setting the degree of autonomy and its own policy.

Culture today has acquired a special place in France, both as an element of development of a region and as an issue from a political point of view. Culture is an element of regional dynamics, and an element of institutional life and collaboration. More than just spontaneous cultural forms, the arts and exhibitions are numerous but they represent the willingness of a city and a region to be part of an area and let creativity express itself. The presence in Angers, of the Quai, the festival of Anjou, or even the cooperation established through the National Orchestra of Pays de la Loire have permitted the area to acquire national exposure on this theme. Other events such as the festival Premier Plans, are especially valuable for the area.

Beyond these events, the culture has become as such a development goal of a new regional dynamic. It plays a central role in the ambitious project of the redevelopment of the banks of the river Maine, which aims to recreate the bond between the two halves of the city, either side of the river. The intention of this project is to find, through culture, new areas of economic development and social cohesion. On another note the 'accroche-cœurs' are festivities in the heart of the city of Angers.

Cultural development is a well-established element of an areas' attractiveness. Cultural dynamics is the best asset to attract professionals or bring together a young population. Culture in all of its forms must be conveyed and supported, thus indeed the Quai appears as an important element but it only represents one piece of the puzzle.

Culture today is too often sacrificed when financial restrictions are required. Culture needs help to prosper and help in order to change peoples' attitude towards this concept. Far from being a passive expense, it is instead a way to live together in harmony. It creates jobs and multiple dynamics in a given area.

A change in the way people see culture is needed; it concerns both the expectations of the public and local dynamics. It should therefore not be sacrificed.

DESARROLLO TERRITORIAL

In economic crisis times it seems territory «does not matter»… less than never. This argument neglects, consciously or not, the possibility of new innovative ways that precisely contribute to promoting, again, development; this time supported on cooperation and territorial intelligence for both cohesion and better quality of life from local to supra-national (EU) levels. A renewed understanding of local (territorial) development is presented; a new model of competitiveness based on specific resources instead common or banal ones.

If nothing is new at all, at least one can look for the differential supported by the own culture in order to promote innovations in products, processes and organizations. The goal: re-inventing territories and exploring possibilities of vectors such identity, culture and new territorial government/governance practices. Governance and culture are considered this time basic vectors for territorial development, which combines economic competitiveness with social and environmental sustainability.

Any initiative trying to overcome limitations and inefficiencies of traditional development theories and receipts looks to generate new proposals and perspectives strongly related with local territorial conditions. Despite the multifaceted nature of the territory, a complex system, until now scant attention has been paid to the objective of policy coherence, one of the five principles of good governance. In such context, renewed Strategic Spatial Planning became a quality instrument for Politics and Policy management.

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