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ASPECTS OF THE CHANGING POLITICAL ECONOMY OF EUROPE: WELFARE STATE, CLASS SEGMENTATION AND PLANNING IN THE POSTMODERN ERA

MARIA PETMESIDOU AND LEFTERIS TSOULOVIS

Abstract: This paper examines convergences and divergences in the transition paths across Europe. The emphasis is on the changing relationship between politics and the economy in the regions of Europe and, more specifically, on the increasing penetration of politics in civil society and the consequences for patterns of social conflict, modes of competition between social and economic actors, work relations, planning policies and modes of social and political integration. The socio-institutional structures through which convergence has taken place, as well as the character of the present crisis differ significantly between regions. The differences are sought in historical trends of socio-cultural structures, and in patterns of conflicts and contradictions related to variations of welfare capitalism in North-Western Europe, the statist/paternalistic structures in Southern Europe, and the statist/bureaucratic structures in Central-Eastern Europe.

Key words: state, civil society, European regions, social stratification and segmentation, new middle class, planning.

Introduction

Recently there has been a renewed interest in the study of the role of politics in modern societies, as, for instance, in studies of the relationships between state and civil society (Keane 1988a; 1988b). This paper, focusing on state/civil society and economy/politics relationships, aims to develop a comparative perspective on the basis of which some major changes in the socio-economic, political and cultural structures that Europe has experienced in the last two decades can be accounted for. It also tries to illuminate basic aspects of the spatiality of these changes, i.e. similarities and differences in the transition paths followed by European countries. Further, it adopts a critical view of the approaches to restructuring formulated during the seventies and eighties, which attempt to comprehend transformations by using dichotomous conceptual schemes (fordism/postfordism, mass production/flexible specialization, organized/disorganized capitalism). Finally, it briefly reviews the changing functionality of urban and regional planning in relation to socio-economic and political change, since length limitations do not permit here a full development of this subject.

The main argument is that current approaches, by focusing on economic restructuring as the central force of change, tend to ignore a crucial aspect of

market fragmentation, volatility of demand and heightened international competition set the rules of the game to which local economic actors may respond more or less successfully, through more or less reactive or pro-active strategies, this depending upon historical traditions and contingency.

Most importantly, this stance fails to conceptualize a condition of utmost significance for understanding the direction and effectiveness of economic change at the global, national and local level. This condition refers to the crucial role of politics in the fifties and sixties – that is, in the context of the fordist regime of accumulation – through the expansion of the welfare state, extensive state intervention in the economy and the concomitant strengthening of politics in civil society. Examples are the growing power of trade unions; the establishment of a corporatist tripartite management of the economy (the state, the trade unions and the employers' associations); the emergence of various political pressure groups; and feminist, urban, regional and other new social movements. In addition, the establishment of supra-national institutions, like the EC and the IMF, reinforced the significance of politics in transnational economic processes, since it made evident that managing these processes through political decisions is possible, even at this level.

In fact, during the last four decades politics has become crucial in economic matters in many ways and in many forms. First, in North-Western Europe the initial rise and strengthening of the welfare state encapsulated the growing politicization of development processes. This politicization has not been reversed in the last decade, though qualitative changes in its character are obvious, as, for instance through the neo-liberal attack on the welfare state. The New Right, while seeking to reduce the size of the welfare state, at the same time supports the idea of a strong central state machinery taking political decisions about every aspect of social, economic and cultural life. The fact that collective action is in decline and forms of social resistance have a rather fragmented character is not exclusively the outcome of this attack and, anyway, does not undermine this point. Instead, it is primarily a consequence of the politicization of social conflicts that took place in previous decades. Second, in some parts of Southern Europe the politicization process has been related to a form of statism in which political criteria play a central role in the processes of distribution of the social surplus. Third, in Central-Eastern Europe it is the form of bureaucratic distribution of resources that best expresses the role of politics in development processes.

Some approaches, focusing upon the crisis of the welfare state, do attempt to conceptualize the effects of the enhanced role of politics in processes of distribution of the social surplus. For instance, Goldthorpe (1978; 1984) considers the extensive application of the principle of citizenship in the context of the welfare state as the primary cause of the economic crisis of the seventies in Britain. The logic of citizenship contributed to the growing power of working class organizations, which led to increasing demands upon

the state, a weakening of traditional norms legitimizing class inequalities and the break-up of consensus, which used to be at the basis of the establishment of the welfare state. However Goldthorpe's analysis is restricted to the role and political power of working class organizations in the context of corporatism, and does not examine how the phenomenon of politicization of social and economic struggles restructures patterns of social stratification and social action, especially since it redistributes political power among the expanding middle-class strata.

Some other approaches, which attempt to locate the causes of economic stagnation and financial crisis of the state since the seventies, focus upon the institutional structures of government intervention developed in the fifties and sixties. Beer (1982) emphasizes the multiplication of various interest groups, itself a result of the politics of consensus, and the increasing pressure by them upon the state, which have pushed public spending to a higher level, yet at the same time have paralysed public policy. Rose (1984) on the other hand stresses the organizational inefficiencies resulting from the increasing size and complexity of government and the contradictions of public policy as the number of policy programmes increases. In addition to the criticism that these approaches more or less reformulate traditional liberal reservations about state intervention in the economy (Hindess 1987), we emphasize that, although they provide some clues about how the politics of consensus was achieved in the fifties and sixties, and about the way in which this very process created the conditions that undermined consensus in the following decade, the explanations offered fail to grasp the significant and long-lasting effects of the phenomenon of the politicization of social conflicts.

One also has to be sceptical about a number of state-centred approaches developed in the eighties (Skocpol 1985; Nordlinger 1981) which consider the state as a distinctive factor shaping institutions and social forces beyond itself – i.e. the economy and civil society; or about some post-Marxist approaches which proclaim the autonomy of political structures (Mouzelis 1986 and 1990). In a sense we would agree with Laclau and Mouffe (1985) that, instead of using a clear-cut dichotomy between the state and civil society, one can better account for the relationship between social and political structures through an expanded concept of the political, not restricting it to the role of the state but examining its significance across a whole range of social conflicts. However, we do not agree with the view that this concept should be broadened so much as to make it a constitutive aspect of every individual action and, ultimately, to consider politics as pertaining to the realm of discourse.

This brings us to another point concerning the changes in the social structure and social dynamics effected under the conditions of welfare capitalism in North-Western Europe. Various studies have emphasized the important repercussions of the growing size of the new middle class on social stratification and social action. These are the increasing importance of individual achievement as a basis of social stratification; the emergence of

new cross-cutting forms of social division and cultural conflict; class de-alignment in voting; changing issues in politics; the predominance of consumer choice in welfare; and the development of privatized modes of consumption (Lash and Urry 1987). However, a central question concerns the factors that account for the effectiveness of the new middle class in creating these changes. In our view, the conditions which are at the very basis of the rise, development and functioning of the welfare state and, basically, the demand from civil society for a politically determined redistribution of resources through the state, have transformed in the long run the terms of competition among social actors and have challenged the forms and conditions of collective action and consciousness, as well as the consensus about the need for state intervention and planning. The expanding new middle class and the well-off sections of the working class have played a most important role in this process.

Our next point concerns the pacing and orientation of the transformation of socio-economic institutions and, most importantly, those of planning, under the impact of changing patterns of competition and a changing configuration of social forces, to which the previous points refer. For instance, instead of seeing the changes in institutional structures of production and labour markets, in North-West European countries, as emerging out of the requirements of international markets and global economic processes, we argue that under the conditions of an increasing social fragmentation (diminishing attraction of mass organizations; break-down of class and other traditional social boundaries; decreasing legitimation of the old tripartite system of decision-making as to development matters), corporatist solutions have become unworkable because of the heightened politicization of social conflicts. If there is a trend for the size of the economic units (firms) to decrease and new forms of work organization to emerge, this has to be viewed as an attempt by economic actors to adapt to the new patterns of social conflict, ranging from totally flexible to totally inflexible conditions. Since mass organizations are no longer in a position to deliver a corporatist, centrally-regulated agreement, as they do not control the labour force in large numbers, the formation of smaller units (flexible firms?) must be seen as a response (more or less reactive or pro-active) of economic actors confronted by the changing conditions of social integration.

These developments may be facilitated by new technology, yet it is questionable whether this type of response can be realized in every type of economic activity or whether it is highly efficient for capital (Amin and Robins 1990). That is, what is usually termed flexible production may in essence be very inflexible, in the sense that social conditions at this moment and, especially, the lack of legitimacy of political decisions taken through the previously established corporate system, do not permit the effective management of large numbers of workers that occurred in the fordist era. Thus, in the past the strategy of the firms was based on the maximization of profit by

taking advantage of the expansion of the market and the economies of scale possible under the tripartite system of corporate management of national economies. Now, their option is to lower the cost of production as much as they can, under the restrictions imposed by the segmentation of the market and the impossibility of taking advantage of economies of scale.

In this process the industrial location game has become more sophisticated, regional economies are restructuring, and new types of spatial inequality have emerged. All these have rendered obsolete traditional planning methods, strategies and objectives, such as the delimitation of the regional markets and spheres of influence of economic units in which the old regional theory and practice of the fifties and sixties was based. Visions and all-embracing views about the future of cities and regions are rare, not because there is no value in them, but rather because this planning procedure lost legitimacy. No wonder then that urban and regional space is produced like a patchwork, through the interplay of an extremely large number of pressures by developers, landlords and entrepreneurs. The term locality becomes the catchword of the future (Hardy 1990; Harloe, Pickvance and Urry 1990; Cooke 1986; 1989), the regions of Europe tend to become the new economic units, competing fiercely with one another, almost independently from the national states to which they belong and with direct access to supra-national bodies, like the EC.

The following sections examine the transition paths in three major regions of Europe. Obviously, this division cannot totally reflect the complexity of social structures. This is also evident in other attempts to classify the countries of Europe on the basis of a multiplicity of socio-cultural criteria and conventional political characteristics, contrasting western to eastern political systems (Haller 1990). However, our aim is not to develop a clear-cut classification but rather to stress the significance of differences and continuities in socio-economic, political and cultural structures across the regions of Europe and to highlight convergences and divergences in the transition process.

The Divisions of Europe

This section classifies European countries on the basis of the timing of industrialization; employment patterns and social stratification; the role of the state and the strength of civil society. A major contrast emerges through the overlapping of the north/south and west/east divisions along these three basic axes of classification. The differentiation on the diagonal from the north-west to the south-east is highly illuminating because it shows the overlapping effects of economic, political and cultural traditions, contrasting the advanced north to the less advanced south and, at the same time, differentiating the central/eastern and southern regions according to the degree of influence of eastern traditions with historical roots in Russian and Ottoman autocracy.

(a) Industrialization Patterns

Mediterranean countries, the countries of the Balkan peninsula, and Central-East European countries industrialized relatively late in comparison to North-West Europe (Giner 1982; Hamilton 1990). Yet within this group one observes major divides, first, between a northern and a southern zone of the Mediterranean area, where the former (Piedmont, Lombardia, Catalonia/Basque country) industrialized earlier and achieved a higher degree of capitalist integration than the latter (South Italy, South Spain, Portugal and Greece); and, second, between the central European area – including Austria, the Czech country, the eastern part of Germany, Hungary, Slovenia and Croatia, which have a more developed industrial basis and cultural characteristics, as well as a work ethos similar to that of Western Europe (Enyedi (1990) considers these countries a 'ferry-region' between the West and the East) – and the Balkan countries and Poland, with a less developed industrial basis and cultural characteristics of an eastern origin.

(b) Employment and Social Stratification

Similar patterns also emerge with regard to employment structure and social stratification. First, a common characteristic of the southern zone of the Mediterranean and the Balkan countries (including Poland) is the large size of the labour force in agriculture ranging from one fifth to one third of total employment in the region. In addition, as one moves from the north-west to the south-east productivity of the primary sector falls and the average size of farms decreases.

Second, in North-Western Europe major changes in employment structure since the sixties have led to a decrease of the number of manual workers and a growth of tertiary sector employment, leading to an expansion of the new middle class (i.e. scientific workers, managers, administrators, and professionals employed by institutions). The Mediterranean and, in particular, its southern zone contrast sharply with the above trends. In this area a large petty-bourgeois stratum has always been an important social force, while petty traders and the self-employed in personal services constitute a high percentage (ranging from thirty to fifty per cent of the economically active population). The slow and incomplete development of fordist production methods and the rudimentary establishment of a welfare state (especially in Portugal, Spain and Greece) explain why the new middle class has not grown to the same extent as in North-Western Europe. Again, in contrast to a post-industrial pattern in which the growth of producer services primarily accounts for the expansion of the tertiary sector, in the Mediterranean the rigidity of traditional employment structures and the preponderance of commercial activities account for this expansion.

The employment structure in Central-Eastern Europe differs from both patterns described above. Since the 1940s the model of industrialization

pursued in this region gave priority to heavy industry and strongly centralized economic management (Bachtler 1992). This strategy, together with the collectivization of agriculture and the enforced rural-to-urban migration, led to an expansion of secondary sector employment and brought these countries through a stage of modernization in the following decades. Yet this was exhausted in the early sixties, as economic growth geared to heavy industry became outmoded, while problems of technological backwardness, chronic shortages of raw materials and food, and deterioration of infrastructure intensified the social and economic crisis. The causes of this crisis are strongly linked with the rigidities of statist/bureaucratic structures. Central-East European societies are extreme examples of the predominance of political/bureaucratic criteria in the distribution of resources and of the contradictions and rigidities inherent in these forms of statism and the related economic structures (Enyedi 1990a). Nonetheless, there are significant differences among them in the degree to which changes in technology, organization of production and skill structure can be achieved.

(c) State/civil Society Relationships

A historical tradition of paternalistic/statist structures in the Mediterranean area, the Balkans and Central-Eastern Europe constitutes another aspect differentiating these regions from the North-West of Europe. In the Mediterranean the influence of this tradition becomes stronger from the north-western zone (South France, North Spain and North Italy) to the south-east. Patronage and clientelistic forms of social and political integration constitute an eastern characteristic that becomes more prominent towards the south-east and is closely related to the weakness of civil society. However, again, the strength of civil society varies from the south-west to the south-east, Greece and Turkey constituting examples of very weak civil societies, dominated by strong statism.

Variations in the state/civil society relationships across Europe are closely related to the type of state interventionism developed in each region. In the North-West (UK and Scandinavian countries) the development of a social democratic model of welfare state presupposed a strong civil society, with adequate organizational means to achieve a consensus about the need for a de-commodification of social rights and universalist criteria in the provision of social services. As one moves from the North-West to Central Europe corporatist-statist characteristics become more important in shaping the welfare state. In the continental model (France, Germany, Austria, Netherlands, Belgium and Italy) state intervention in the redistribution of the social surplus has never been a highly contested issue (especially in the Bismarckian countries), though this does not mean that conflicts around redistribution were imperceptible. The type of welfare state that emerged in this area preserved status differentials as state social and economic policy placed more emphasis on the distribution of cash-incomes through a social

insurance system, rather than on the direct provision of services by the state on the basis of universalist criteria (Esping-Andersen 1990; Jones 1985).

Welfare institutions in Southern Europe contrast sharply with both these models. Although the legacy of paternalistic/statist structures have assigned the state a primary role in the distribution of resources, the weakness of civil society (especially in the southern and south-eastern zone of the Mediterranean) and the prevailing pattern of social conflicts inhibit any social consensus on consistent and cohesive planning and social policy objectives. In the case of Greece, for instance, access to the state apparatuses constitutes the basis of social conflicts, given that winners in the struggle to political power make use of these apparatuses to indirectly, and sometimes directly, appropriate resources (Petmesidou 1987; Tsoulouvis 1987). These conditions favour extensive informal economic activities and clientelistic forms of social and political integration which undermine the capacity of society to make explicit processes by which value is created and distributed (Petmesidou and Tsoulouvis 1990b). Such a capacity has, indeed, been a precondition for the development of consistent planning processes and welfare state institutions in North-Western Europe.

Yet again, internal variation in the Mediterranean is impressive. The factors that contribute to this are the role of the Catholic Church in promoting voluntary agencies of welfare provision and limiting the role of the state as well as the size and constitution of middle-class strata in each country, a factor related to the degree of capitalist integration.

As for the 'socialist' type of welfare state in the ex-communist countries of Central-Eastern Europe, it further strengthened their pre-communist statist legacy. Institutional changes introduced to establish universal welfare services enhanced the dependence of the individual on the state.

Transition Paths

(a) North-West Europe

During the fifties and sixties, the long tradition of strong civil societies in North-West European countries, with a culture and organizational structure capable of mobilizing social groups on a collective basis, led to the emergence of various forms of corporatist regulation of conflicts and gave rise to a consensus about the need for state intervention in the redistribution of resources. This includes various forms of planning, the provision of social services and the growth of the public sector. It is outside the scope of this paper to analyze the specific conditions of the rise and collapse of corporatism and the welfare state in each country. However, let us note that the result of this mode of social and political integration has been the permeation of civil society by politics which, together with the emergence of new forms of social stratification and conflict, led to a wider distribution of political power among

social groups, intensifying social fragmentation and antagonisms even further. The expansion of the new middle class is a constitutive aspect of this process, though it has taken place at a different pace in each country.

Thus as soon as living standards improved and the right to the provision of social services and benefits was secured for large sections of the population and ceased to be a contested issue of collective action, a new competitive struggle consequently emerged among social groups, this time over access to and the mode of delivery of state benefits and services. In this highly politicized struggle a multiplicity of demands are addressed to the state by an increasing number of interest groups, new social movements are often led by sections of the new middle class and the well-off sections of the working class, while, at the same time, conflicts intensify about the way the tax-burden is distributed.

Under these circumstances, planning strategies and state intervention that developed under the conditions of a widely achieved consensus, have become contradictory and ambivalent. The increasing politicization of social conflicts has led to an attitude towards social and planning policy issues, from both the planners and the public, which defines them as political problems requiring political decisions. However, once a problem is defined this way, finding a solution becomes an extremely difficult task, given that by definition political antagonisms are not easily rationalized. This is partly responsible for the weakening of various policy issues, especially at the local level, and their transformation into problems of confrontation between political parties at the national level, given that contestants want to maximize their support in order to turn the balance in their favour. As social, urban and regional planning policy has to respond to numerous, contradictory goals, technocratic solutions to problems are difficult to achieve, while planning mechanisms and their local basis are weakened. In some countries this process is at the very root of the newly observed trends towards the centralization of decision-making, while a reshuffling of power has occurred between local government and central state which has strengthened central state institutions, but has also created new local actors outside the control of the traditional local government structure.

Further, these conditions have contributed since the late seventies to a widening critique of the welfare state from various perspectives (feminist, anti-racist, anti-bureaucratic, neo-liberal) and facilitated the attack on and restructuring of public welfare services and planning methods and strategies, especially by the New Right. The collapse of distributive regulation and social integration through state intervention and planning policies, and the social and economic reforms of governments of the New Right that attack the welfare state and promote market liberalization, constitute aspects of a changing mode of competition which has fragmented and intensified conflicts about the extent and character of state intervention. One can observe the significant role of politics even in cases where, at first sight, one might

discern a retreat to market dominance. In the UK an example is the social and political action taken by well-off groups dissatisfied with the quality of state welfare and unwilling to carry the tax-burden for an expanding public expenditure, to support the restructuring of the welfare state so as to facilitate their exit from it (Saunders 1984). Yet, this exit is sought by these social groups through new forms of state regulation of consumption, i.e. tax reliefs for private insurance, subsidies for private provision of services and house acquisition loans (Hamnett 1989; Taylor-Gooby 1989).

The contradictory character of social conflicts is also evident in the characteristics of the new social movements through which these conflicts are expressed. New social movements tend to link demands to social values, cultural symbols and life-styles and present them as specific, autonomous issues tied to a particular environmental or consumption problem, rather than as issues of wide political relevance, as was the case with demands formulated by the old working class movement, such as demands for the extension of franchise or the establishment of citizenship rights. This characteristic has led some authors to argue that the aims of new social movements are primarily social and cultural rather than political (e.g. Habermas 1981). However, modern social movements bring politics into all spheres of social and cultural life and, accordingly, their aims are highly political if the term is understood in its broad sense (Scott 1990).

Political traditions and historical differences in class structure and collective mobilization account for variations among West European countries in the power relations which underpinned corporatist solutions in the fifties and sixties, and in the role of the middle class in influencing the standards of state welfare services. For instance, Sweden and the UK are two opposite cases: in the former the welfare state succeeded in accommodating extensively the standards of the middle class, so the pace of restructuring has been very slow; in the latter there has been a tendency for the well-off sections of the middle class to opt to exit from the welfare state and, in this way, to support policies of social exclusion and polarization (for the different solutions to the restructuring of the welfare state see Jessop 1991).

Whatever the differences among West European countries as to the character of conflict among social groups for access to and mode of delivery of social services, the significant role of politics in the economy – either through an extensive state intervention of the type developed during the fifties and sixties, or a strong, centralized state of the eighties which attempts to reinvigorate the market – constitutes a condition with major consequences for social stratification and development patterns at the national, regional and local level. It is highly unlikely that, in Europe, wide-ranging dislocations, causing extreme social polarization and marginalization of businesses and social strata of the kind known in the inter-war years, can now occur under the influence of economic restructuring, since the political game itself acts as a regulatory mechanism and puts limits to such phenomena. This, of course,

does not mean that no economic and social dislocations can emerge in the process of restructuring. Such phenomena have already occurred, leading to an increase in unemployment and the impoverishment of some social groups, such as the manual workers in declining traditional industries, young people and women, and trapping some localities in economic stagnation. However, the politicization of social conflicts and the collapse of legitimacy of traditional class and status hierarchies make social groups more prone to resist large scale dislocations which could create extreme poverty and marginalization. Of course, the modes of social resistance may be highly fragmented and channelled through new forms of social and political movements, often outside the influence of traditional political structures.

Further, as social actors compete for more rewards from the state and less share in the tax-burden, a self-stabilizing process emerges in the welfare state: benefits and services cannot grow continuously, yet they cannot decrease very significantly (Dunleavy 1985). At the same time, the emergence of supra-national institutions of economic and political decision-making heightens the role of politics in transnational economic processes. In the EC an institutional framework has been developed through which resources are distributed among member states and regions on the basis of political decisions made by the numerous political and administrative bodies of the Community. Examples include the various funds financing infrastructural works, particular development programmes for certain regions, projects for technological innovation, and various kinds of subsidies to social groups, such as peasants and the young unemployed. These decisions are highly influenced by the interplay of political and economic forces at the Community level, and in this process the relative power of various agents of the member states successfully to claim resources from the EC plays a crucial role. Under these conditions it is probable that development prospects of the various EC regions will strongly depend on the outcome of the political game among member states, regions and localities and not only on the mere play of the forces of the market economy.

This brings us to another issue concerning the way in which changes in social stratification and the mode of competition between social groups as a result of the increasing politicization affect processes of economic restructuring. As traditional collective organizations have lost their ability to control labour and deliver corporatist agreements, social integration and the control of labour through large-scale plants has become problematic. This is at the basis of a number of processes described in the literature as economic restructuring, namely the increasing spatial mobility of capital and the decentralization of production; neo-fordist/flexible forms of labour processes; the decreasing size of firms, the expansion of subcontracting, and the disappearance of the traditional type of employer; the formation of local labour markets with distinctive characteristics; and the creation of new forms of spatial inequalities.

Moreover, a number of characteristics – new configurations of values and beliefs, postmodern cultural activities, social and economic ideologies that emphasize the distinctiveness of place/locality as a basis of social solidarity and political action – constitute ways in which, in the present conjuncture, various sections of the expanding new middle class attempt to acquire voice, to express their interests and to make their power felt in society. Even when they lack a strong basis of economic and political power and are excluded from the established structures of power, the present contingencies – with the waning of collective forms of organization of interest and social struggle and the extensive penetration of politics in civil society – create the conditions for them to strengthen themselves through modes of protest which challenge established social and cultural hierarchies. This happens through the emergence of a diversity of values and beliefs; a postmodern culture with no ties to place and time (a melange of disparate components with an emphasis on the impression created by the image rather than on the content of the artistic product); a heightened politicization of various aspects of society and culture attempted outside the established channels of political power, through new social movements (like the environmentalist, feminist, anti-nuclear); and a populist ideology reflecting a contradictory relationship between the people and the state. At the same time, at the level of social theory there is a shift away from grand explanatory frameworks to a plurality of approaches and an emphasis on the specificities of phenomena and the role of particular historical and conjunctural factors.

In planning, this process is expressed by the gradual substitution of structure plans by 'collage' urban design rather than planning interventions (Harvey 1989) or casual land development planning; the weakening of collective movements for urban policy; and the substitution of rigorous, all-embracing, regional planning policies with partial financial incentives systems addressed not to regions but to industrial sectors. While planning of the sixties and seventies was more or less considered a procedure that could guide the development process of a community/locality in a socially acceptable direction (Albrechts 1991), since the seventies this view has been seriously questioned. The reason for this tremendous change has not just to do with the cultural shift to postmodernism (e.g. rejection of rational planning and the 'modernist' conception of the city as a big social project) but, basically, with the lack of legitimacy of planners' totalising views about cities, regions and societies. The politicization of the planning process that took place in parallel with the redistribution of political power in favour of the new middle class, made everyone's vision about the future as legitimate as any planner's.

(b) *Southern Europe*

The transition that Southern Europe has been experiencing in the last

decade differs markedly from changes in North-Western Europe, though differences are more pronounced in the southern and south-eastern zone. First, tertiary-sector employment (trade, tourism and personal services) has always been comparatively high in Southern Europe. Second, some characteristics resembling post-fordist/flexible forms of work and production are traditional features of these countries. These include the predominance of small firms with informal labour relations, the large size of the informal economy, and multiple jobholding, a characteristic of a wide variety of social groups. Similarly, some structural characteristics that have emerged in North-Western Europe since the seventies (i.e. the decline of collective forms of social action and class voting, and the development of new cross-cutting forms of social division and political conflict) appear to be indigenous characteristics of Southern Europe. Most importantly, in the latter collective social action and class-based forms of political integration have never been dominant features. Other aspects of this phenomenon are the weakness of civil society, the extreme subordination of social and class conflicts to party political confrontations, and the high degree of political and administrative centralization.

The characteristics of Greek statism, which is not of course the rule in South-Eastern Europe, highlight the character of state/civil society relationships and the patterns of social stratification in this region. First, a well-established hegemonic class never existed which could influence the development of the state apparatus so that it could become functional to the requirements of a fully-fledged capitalism. Coalitions of various social strata which, in various periods, won power and ruled the country, developed a precarious relationship to the state. On the other hand, civil society has so far been unable to build its own rules and values outside the sphere of politics and the state. As a result, everyday economic conflicts can hardly be solved through the relative autonomy of the market, and instead become highly politicized (Tsoulouvis 1987; Petmesidou 1987).

Under these conditions a contradictory relationship between state and society has developed. On the one hand, the amount of resources appropriated by economic factors through direct or indirect state intervention is quite substantial. This is manifested by the high ratio of public expenditure to GDP (about fifty per cent) and the high percentage of public sector employment in the country. Yet, state intervention has always been very ambivalent about its objectives and scarcely, up to now, has led to a consistent and systematic planning practice; urban and regional planning has been rudimentary and state welfare institutions underdeveloped (Petmesidou and Tsoulouvis 1990a; 1990b; Petmesidou 1992). The extreme organizational deficiencies of public administration (i.e. overmanning, and the importance of party-political and other non-meritocratic criteria for appointment and promotion, which restrict motives for efficient performance) account for the poor provision of services and the lack of any systematic social policy.

In parallel, political changes in the last two decades (the restoration of democracy and the rise to political power of the Panhellenic Socialist Movement) have contributed to a wider distribution of power to middle and lower middle-class strata. The expanding influence of these strata on the state machinery has considerably limited the possibilities of any consensus over the goals of social, economic and spatial planning. On the one hand, it has discouraged the dynamic involvement of the state in the economy while, on the other, it has exercised strong pressures for an ever increasing state intervention in the market, such as the control of the prices of a large number of products, and the provision of social services and various kinds of benefits and subsidies. Yet the old clientelistic logic on the basis of which benefits are distributed has hardly changed.

In urban and regional planning matters these processes led to the failure of all efforts to create a modern planning machinery in the country. Thus, at a time when there is a huge increase of capital available from EC funds for spatial planning projects, the country has no alternative but to draw lists of fragmentary public works projects, not integrated into a coherent policy framework, in an effort to absorb as much EC money as she can.

Consequently in the last decade continuity in Southern Europe is stronger than in North-Western Europe, where more extensive processes of restructuring have been under way. Nevertheless, some similarities can also be discerned. First, in both regions the political element has come to play a significant role in processes of distribution of the social surplus, though through different paths of social development and forms of social struggle. Second, in both particular sections of the middle class play a significant role in influencing practice and ideology in various spheres of social life. Yet in South European countries the dominance of the state on civil society inhibits processes of decentralization through which new social actors and forms of solidarity can emerge. An important question is to what extent EC integration will create favourable conditions for the strengthening of civil society in Southern Europe. For instance, will local and regional bodies in Southern Europe benefit from their direct relationships with similar bodies across EC countries? What will be the effect of this on statist/paternalistic structures?

(c) *Central-Eastern Europe*

Central-Eastern Europe is experiencing a retarded transition to a post-industrial society. Major issues of socio-economic development concern the need for technological and related changes in the sectoral distribution of investments, in skills, work organization and work relations. The orientation and outcome of the transition will vary among Central-East European countries according to socio-cultural characteristics which have historically defined major divisions within Europe (Weclawowicz 1992). Some areas of Central Europe

(the former East Germany, the Czech country) with a comparatively more developed industrial basis, a skilled labour force, and patterns of work organization, as well as a work ethic similar to that of North-Western Europe, may follow a transition path bringing them closer to North-Western Europe (intensive accumulation through technological development, sectoral restructuring of the economy, expansion of the tertiary sector and, within it, of producer services, and decline of traditional industries).

On the other hand, the path of transition in the ex-communist countries of the Balkan peninsula and some other East European countries (i.e. Poland and Hungary to some extent), because of the strong tradition of statist/paternalistic structures, may exhibit strong similarities with South-Eastern Europe. The monopoly of political power has been challenged with the fall of the communist regimes, but the state still plays a dominant role in the economy. Consequently an intensified competition among social groups for access to the state will reshape statist/paternalistic structures and state-economy relationships will develop along the model observed in South-Eastern Europe. Other phenomena pushing in the same direction are the important role of the informal economy and the growth of middle-class economic activities crossing the boundaries between the formal and informal economy, and between the public and private sector.

Further, in Central-Eastern Europe one observes a change from a pattern of social stratification which integrated socio-professional groups in a unified hierarchical structure of power and decision-making (Davis 1989), to a new pattern, where socio-economic inequalities will increase, yet rigid hierarchy will wane, social boundaries will become more fluid and cross-cutting divisions will emerge. The expansion of middle-class strata and the diversification of their socio-economic basis will contribute significantly to this outcome. The formation of a petty bourgeoisie and a new middle class of professionals, scientists, managers and administrators in the private sector will increase social differentiation and create new forms of interest. In the old statist/bureaucratic model professional and scientific workers were integrated into state administration, and so the conflicts in which they were involved primarily concerned the criteria for the distribution of resources which were decided centrally. The extent to which the new middle class will depend, either directly or indirectly, on the state will influence changes in the mode of competition among these social groups. If more 'autonomous' spaces of economic activities emerge for the new middle class, civil society will be strengthened, and a wider range of modes of expression of interest and mobilization of civil society will develop (professional associations, new social movements, voluntary associations). However, let us emphasize again that Central-Eastern divisions in this region may lead to different paths of change, which will also strongly influence the new planning institutions and policies to replace the old functionalist, top-down, centralist and static planning attitudes.

Conclusions

In North-Western Europe, the very logic of redistribution established on the consensus for a growing intervention by the state in the economy and civil society during the fifties and sixties – that is, the logic of citizenship which secures political rights to redistribution has – created new patterns of competition which in the following decades have undermined consensus, intensified the politicization of social conflicts, changed the scope and character of planning policy and caused a protracted legitimization crisis.

In Southern Europe, a statist/paternalistic tradition in relation to a weak civil society have persistently blocked the development of consensus on any of the major issues of socio-economic development, the role of the state and its ability to exercise social and economic planning policies. At the same time these conditions have supported an extensive politicization of the processes of distribution of social surplus, as access to the state has become a primary means of the appropriation of revenue. This is more accentuated in South-Eastern Europe, where the present crisis consists in a stalemate to which the statist/paternalistic tradition has led, even though the crisis phenomena may appear to be similar to those observed in North-Western Europe (e.g. lack of consensus and a crisis of legitimization, the inability of the state to exercise planning in a systematic way, and the restructuring of the rudimentary welfare state).

As for Central-Eastern Europe, the dominant role of politics in the economy has been based on statist/bureaucratic structures established through communism. However, socio-cultural and political legacies in the societies of Central-Eastern Europe differ in the extent to which they supported statist/bureaucratic structures for the allocation of resources and, consequently, in the extent to which under the conditions of the present crisis a strengthening of civil society can occur. In our view, present changes, far from freeing the economy from political twists, will intensify the politicization of social and economic conflicts. Yet the extent to which politics will expand outside the confines of the state into civil society, as well as the restructuring of civil society itself, will vary significantly among these societies.

Finally, as regards planning matters, deadlocks produced by the increasing fragmentation of planning action and agencies, are difficult to overcome simply by the politicization of planners, or through their role as mediators between capital, labour and the state, or by the creative combination of top-down planning with bottom-up initiatives, as some authors propose (Beauregard 1989; Albrechts 1991; Albrechts and Swyngedouw 1989). For one thing, prescriptions of this kind have already been formulated and tried long ago. The problem is much deeper and will not disappear until the transition period of socio-economic and political change is over. Despite the apparent convergence of European countries on this matter, the roots of the

crisis are completely different, given that planning experience and institutions vary significantly.

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