

European Integration and Local Government

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9. European Integration and Local Government: The (Ambiguous) Portuguese Case

Manuel da Silva e Costa, Joel Felizes and José Neves

GENERAL PRESENTATION

This chapter seeks to determine the position and role of Portuguese local government in the process of European integration.

We present here different reflections on this question, resulting from a study covering 28 of the 305 Portuguese municipalities (*Municípios*), the most important level in terms of Portuguese local government. This research is supported by a theoretical framework developed in section four. This draws largely on a sociological perspective, but uses other social sciences in order to understand the complexity (and ambiguity) of the Portuguese case.

We begin with a brief historical presentation of Portuguese local government, followed by a description of its contemporary situation, in which we emphasise the legal and financial position of the municipalities. We then discuss the theoretical issues essential to understand the study results. Finally, we present some conclusions, many of them provisional.

LOCAL GOVERNMENT: A HISTORICAL PERSPECTIVE

Immediately after its emergence during the 13th and the 15th centuries, Portugal was split into three kinds of area: *Territórios* (territories), ruled

by *Condes* (counts) nominated directly by the king; *Coutadas* - areas governed by some local noblemen and also by religious orders *Municípios* - areas with some autonomy.

However, the colonial age (particularly the 16th century) reinforced central power: the king directly controlled local administration. Only after the liberal revolution in 1820 and the introduction of the first constitution was the country divided into *Distritos* (where central government was represented by general administrators) and *Concelhos* (an earlier form of municipality) with local governments directly elected by the people.

The subsequent liberal period and the early republic (1910-1926) were characterised by a political struggle between central and local governments. This period ended in 1926 with a coup d'état which brought the Salazar dictatorship. His regime lasted until 1974 and produced a strongly centralised system, with local elections abolished and local authorities nominated by central government.¹

The democratic revolution of 1974 saw local self-government as one of its most important achievements. According to the constitution, local governments are territorially based collective entities, pursuing specific goals for their respective populations,² whom they represent through elections. Local governments also have property and finances of their own and legislative autonomy. Some of their activities and decisions are subject to approval by different ministries (Finance, Planning and Territorial Administration) and by the Court of Auditors (e.g. municipal annual accounts are given an *a posteriori* approval). Local government financial resources, as we can see below in more detail, are divided mainly between self-generated resources (e.g. property taxes), European Union (EU) funds, and a complex equalization financial fund, part of the

¹ This system also generated practices of nepotism and patronage - central government financial policies were highly discretionary. However, the share of local government in national expenditure was more or less the same at this time as today (about 10%).

² Specifically; according to the law 25/85, local governments have the following duties: the administration of property; development; public supply (e.g. market-places); public health and sewerage; education and schooling; care of children and old people; culture, leisure and sports; environment and protection of the quality of life; civic protection. These somewhat vague obligations are transferred to a complex set of regulations that set local governments' frame of action.

national budget.

These legal and financial structures, together with the problem of regionalisation, constitute the key issues in the current discussion about local government in Portugal and they cannot be separated from the discussion about European integration.

As a member of the European Union since 1986, Portugal has been a peripheral area lagging behind most of her partners in terms of development. Portugal's main political strategies are designed to eliminate this handicap, with EU support. Nevertheless, some traces of the *salazarist* regime, like the centralised and bureaucratic structure, were inherited by the democratic system.

PORTUGUESE PUBLIC ADMINISTRATION

A Brief Description

The Portuguese political system is centralised, based on the French model of Napoleonic reforms, as distinct from Anglo-Saxon and German ones. Briefly, Portuguese administration is divided into central government and its departments; other autonomous institutions without any territorial basis, such as public enterprises, public institutions and foundations, and local administration. This in turn can be divided into four levels, but two of them may be considered somewhat ambiguous as we shall see. First, there are *Freguesias*, the lowest tier of public administration. A *Freguesia* is a small, parish-based unit, with an elected government, but with limited autonomy. Currently there are 4 402 *Freguesias* in Portugal. Second, there are the *Municípios* or *Concelhos* (municipalities): Portugal has 305 municipalities, 30 of them in the archipelagos. They are the most important level of local government. The municipality has two elected governing bodies: the *Assembleia Municipal* (municipal assembly) and the *Câmara Municipal* (chamber). The latter is led by a *Presidente* (chairman) who, together with his effective power, holds an important *symbolic* office, which explains why the municipality became the *visible face* of local power after 1974. Then there are the more ambiguous units. First, there are the *Distritos* or districts, created by the 1820 Constitution. Today they represent a relic of the judicial system, since they are to be replaced by *administrative regions*. Then there are 18 *Distritos* in mainland Portugal

generally headed by a *Governador Civil* (governor) and an assembly. The governor has *tutelage* power over local government, among other minor powers, mainly related to advisory functions.

Last, there are the *Regiões* or regions. In Portugal there are two *autonomous regions* (the archipelagos of Azores and Madeira), with elected governments and revenue raising power mainly from customs and fuel duties. There are also the controversial *administrative regions*, only legally defined in the Constitution of 1976. Recent Portuguese debate suggests that central government will eliminate these units. Two *metropolitan areas* (Lisbon and Oporto) also exist, but have limited powers.

Central government has decentralised offices in five *Regional Co-ordination Commissions* reporting to the Planning Ministry. These commissions co-operate with regional councils, which include the municipalities' chairmen, but have only advisory powers. Most work done by regional commissions involves the link between local governments, other agents, and the European Union.³

Local Government's Legal and Financial Status: A Changing Situation

Since 1974, Portuguese local government has been changing. According to Mozzicafreddo (1993: 79-102) the period can be divided into three different phases. The first one was an *ideological* period of investment in infrastructure and in social-urban reorganisation (e.g. roads, sewerage, housing), with social welfare concerns. This strategy is an obvious consequence of the country's under-development, which the new democratic system has sought to overcome. The second phase began around 1980 and can be seen as a process of adaption to fiscal stress which becomes more important than political and ideological issues. To deal with the problem, local leaders tried to meet the growing demands for development by generating new financial resources and by implementing new policies such as those designed to attract external investment. They institutionalised involvement with local communities, but the influence of national parties was also more visible. At the same time, some technical and administrative modernisation took place.

Beginning around 1988, the present situation reflects the availability

³ See Tables 9.4 and 9.5 below.

of new (European) resources, which have encouraged new practices and technical-pragmatic policies. The distance between local governments and other agents has also decreased: there are common initiatives promoting employment and industrial development, for example. Above all, this modernisation means organisational and technical improvements, as well as new external concerns with economic and cultural questions.

Clearly the process of European integration has had some influence on this changing environment. However, in many cases, technical and administrative modernisation (and even policy change) is not an outcome of the integration process. Legally, the European process does not involve local government directly; financially, Portuguese local government receives a small share of European funds (less than 30% of the total). Other factors must explain these changes. Amongst them, there is a place for a symbolic dimension.

The important development over the period has been an improvement in the local governments' financial condition as the sources of their income have been diversified, following the general improvement in the national economy. On the other hand, there are other factors to consider, particularly the low share of total public expenditure taken by local government - less than 10%, a clear sign of the centralising tendency that remains in the Portuguese political and administrative system. Even if we consider the gross domestic product, the increase from 3.2% to 4.5% is largely a consequence of growing public expenditure, up from 35% to 49% of GDP.

In this context the Portuguese case remains ambiguous. Further, the continuing structure and influence of clientelistic relations in the Portuguese system remains an issue. To understand this complexity, we must explore the theoretical arguments and empirical evidence. Taken together, both suggest the ambiguity in the Portuguese case has stabilised even in a changing environment, where local governments seek to deal with increasing complexity.

Table 9.1: The Portuguese local government financial situation 1983 and 1991 compared (Unit: 10⁹ Escudos)

	1983	1991
Public Expenditure	806^a	4909
Gross domestic product	2297	9937
GDP real variation (1982-1983); (1990-1992) - %	-0.3%	2.2%
Inflation rate (%)	25.5%	11.4%
Municipalities income^b	74	448
Equalisation Financial Fund (percentage of total)	44 (60%)	158 (35%)
Equalisation Fund real variation (%)	-8.5%	11.2%
Taxes ^c	12 (16%)	116 (26%)
Other sources (e.g. loans, charges, fees, etc.)	18 (24%)	174(39%) ^d
Municipalities expenditure^e	74	446
Percentage of global expenditure	9.2%	9.1%
Percentage of GDP	3.2%	4.5%
Municipalities' investments (capital goods)^f	%of total investment	
General investments (land, machinery, buildings)	32%	30%
Road construction and repair	26%	31%
Water supply and sewerage	19%	14%
Education and recreation	7%	13%
Housing	8%	10%
Other investments	8%	2%

Notes:

- a) General Budget + deficit.
- b) These values include Autonomous Regions' municipalities, but exclude regional governments' income and expenses.
- c) Includes: property taxes (since 1987 the property transaction tax became the most important - about 35% of total); vehicle tax, tourism tax (in 1987 it was replaced by a 37.5% share in the VAT generated by local tourism); a share in enterprises' income (which is the unique - however limited - tax that municipalities can introduce autonomously); other minor taxes.
- d) The most important source is the EU financing, representing approximately 15% of the whole municipal income.
- e) About 5% of this value is transferred to *Freguesias* (the lower tier of local government) and represents in many cases their most important income.
- f) About 40% of municipal expenditure.

LOCAL GOVERNMENT AND THE INFLUENCE OF EUROPEAN INTEGRATION: THE THEORETICAL DEBATE

Political developments such as those associated with the process of European integration take place in a complex environment and thus need a complex theoretical perspective to understand them. It is crucial to see the integration process not only as a contextual factor which influences the position and the role of municipalities and local actors through different mediators or pacemakers, but also as a new process that itself engenders significant changes at two levels. First, it affects the political autonomy of local governments in relation to the centre, which produces some redistribution of power. Second, it changes the games played at the local and organisational levels; actors and organisations adapt their behaviour and structures.

Moreover, the integration process has been promoted by the European Commission largely through the use of equalization mechanisms (mainly the structural funds) that have obvious impacts on peripheral countries like Portugal. Most of our empirical evidence stresses the importance of these policies, but what really matters is the way they are understood by different agents and different municipalities. These mechanisms are not merely administrative - they involve local mediators who might pervert the original purposes of the EU Commission.

Furthermore, the Portuguese case can only be evaluated if we remember how recent is Portuguese EU membership; the wide differences which exist between municipalities and the traditions of Portuguese local government with its long-standing struggle between municipalism and centralism, in which the region plays only a minor role. Therefore, EU related policies tend to be seen as controversial. Nowadays, there is also a conflict between regional claims promoted by some local actors, and the central government which dismisses such claims. Regionalisation in Portugal is thus obstructed: if it has been a desirable goal since 1976, political practice and discourse travel in opposite directions.

At this stage, we need to consider the impact of the integration process from the perspective of three different levels. First, there is the macro level, which concerns political, social and economic structures, influencing (and being influenced by) central/local and central/local/EU

relations. It is a classical level, much covered in the literature.⁴ Second, there is the meso level, at which we need to consider the institutional processes of inter-organisational actions, behaviour, negotiations, and so on. Here we see the role played by regional commissions, development associations, and so on, albeit the regional level in Portugal operates on a limited scale. But these processes directly involve central and local governments through two kinds of mediation. One is the traditional, fostering strategy, promoted by local and/or national leading citizens, with anti-democratic traces like non-participative decisions and obscure practices, reflecting the persistence of clientelism in a still largely under-developed Portuguese society. The second can be defined as a modern, technocratic process, supported by development agents, regional commissions' professional officers and new leaders, who try to implement democratic participation and transparent decision making practices.

Last, there is the micro organisational level inside the municipality itself. Changes occurring here can be analysed in terms of three structural dimensions: bureaucratisation with its more or less formal behaviour; its dysfunctional and/or ritualised relations with customers; increasing professionalism and specialisation in the face of the growing complexity of the environment and objectives pursued by the organisation; and finally, the participation of internal actors in decision-making processes.

The process of European integration overlays these dimensions, with clearly differing effects according to the dimension examined. For example, professionalism has clearly increased, but participation is not so well developed. In terms of levels, there are three to be considered:

⁴ Many authors made contributions to this debate. See e.g. Fernandes (1992); Mozzicafreddo (1993); Pentland (1973). Page and Goldsmith try to articulate the functional with a neo-marxist approach in an attempt to deal with capitalism, fiscal crisis and new models of local government organisation. According to their perspective, local power can be understood using three significant elements, if we are analysing its relations with central government. First, the functions, the tasks, that are performed. Second, discretion or the ability to decide autonomously. Third, access to central government and other institutions: the communication circuits. This analytical framework presents an attempt to reconcile two major debates around local power: reorganisation towards a *perfect* model of local government (reacting to *fiscal crisis*); the decentralisation process related to the reorganisation, but focused on causes, patterns and changes. See Page and Goldsmith (1987: 1-11).

transnational (where the EU operates in a diffuse fashion); central or national, and the local level.

With this sketch in mind, three hypotheses about the impact of the EU integrated process on Portuguese local government can be suggested. First, as a contextual factor, European integration represents a configuration that depends on the way it is articulated with other factors, such as the environment (e.g. rural versus urban) or the intervention of external actors (e.g. commissions of regional coordination, development associations, central government). Second, the integration process forces the emergence of local mediators, particularly those who introduce modernising values, not only on the local political scene, but also within the local government internally (political leaders, staff and policies).

Third and last, given their influence, contextual factors also tend to be changed by the intra-organisational processes and by the power conflicts (the games played by actors) which are noticed through the political struggles between actors and organisations operating at different levels.

FROM METHODOLOGY TO EMPIRICAL EVIDENCE: THE STUDY

We have to be cautious about the value of our data. Our study presents a limited, though reliable, sample of 10% of the municipalities, supported by a previous study centred on the north-western region (Felizes and Neves 1992). The data presented below are not representative of the Portuguese situation: they are intended to be indicative of the complexity of our subject. Thus, to take one example, an active municipality like the medium sized city we selected in the central region is promoting local initiatives, exchanging information with other agents, planning and designing new investments. In pursuit of these objectives, it has created an association which has been using, besides the major funds, different European programmes, such as LEADER (development of rural areas) and VALOREN (natural resources) in order to overcome the fiscal stress facing the municipality.

One investment has been the construction of new sewage works, using ERDF funds. This finance (covering about 50% of the cost, with the rest found from the municipal budget) was granted only after a complex process. The projects were analysed and approved by the Regional Coordination Commission, the Planning Ministry and by EU bureaucrats. Though all went well and a grant was won, there was several months'

delay. Such a situation is typical.

Portuguese municipalities have learned how to deal with the bidding process and its associated delays. In many cases they learn from each other, which is one reason why there are not significant differences between their respective European policies. Even the investment projects are similar - new roads, sewage works, swimming pools or other sports facilities. Exceptions can be found, as in one example, where the European Social Fund was used to develop a technical art school.

One of the most relevant findings is the lack of human resources, since the way they are managed and viewed by municipalities (and other institutions) is symptomatic of the current situation facing Portuguese local governments.

Table 9.2: Human resources (%)

	Employed personnel with EU knowledge	Engaged outside consultants or lobbyists	Sent staff on courses on EU matters	More specialists in EU matters needed	Personnel responsible for EU general issues
Yes	11	4	31	87	46
No	89	96	65	9	54
No answer	0	0	4	4	0

Table 9.2 reveals that only 11% of the municipalities employ EU qualified personnel and even fewer (4%) engaged outside consultants or lobbyists to solve specific problems. In many cases, the people responsible for European matters had to improvise their own training. The limited number of EU courses are not planned for problem solving and usually only supply general knowledge or explain how to deal with specific programmes like Interreg. In most cases the municipal chairman is solely responsible for the management of EU affairs: only a few administrative problems are solved by someone else. However, concern about these matters is increasing. The perceived lack of resources and knowledge in these areas is quite significant, with at least 87% of the municipalities being concerned about the lack of qualified human resources.

Municipal reorganisation induced by European issues has been limited. If *European* activities have increased since 1986 (when Portugal joined EU), from the municipalities' point of view, the most important reason

was the funding reform of 1990, which widened both the basis for applications and the level of EU funding available.

For these reasons, there are no clear qualitative changes. Local governments' focus on EU matters is still concerned with infrastructure matters, mainly the financing of roads and sewage-works construction, as a consequence of Portugal's peripheral position. Municipal investments remain concentrated on these basic needs and EU financing has reinforced this concentration in many cases.

Table 9.3: Information and coordination systems working on EU matters (%)

	EU internal information system	EU information towards external receivers	Internal coordination of EU matters	Co-ordination with outside receivers
Yes	11	7	46	5
No	82	86	47	88
No answer	7	7	7	7

From Table 9.3 on local information and coordination systems, it is apparent that EU affairs do not receive any special treatment, following a general pattern of dissemination on a largely informal basis. The relatively high percentage of municipalities with internal coordination procedures (46%) is explained by this informal procedure.

Another symptom of this ambiguous situation is the co-operative plan. Portuguese municipalities have links with regional co-ordination commissions, 79% co-operating with them. Nevertheless, the relationship is not necessarily harmonious but, in many cases is a requirement for the municipalities, as is co-operation with other municipalities.

Analysing the figures in Table 9.4, we find that municipalities have weak links with other institutions. Networking is still embryonic, especially at the transnational level. The exceptions are the large cities and some border municipalities. Even the *traditional* conflict with the central government remains largely veiled. As an example, regional commissions are perceived as independent of central government, but when things go wrong, such as a delay in action or a cut in funding,

Table 9.4: Co-operation with other institutions on EU matters (%)

	Other municipalities	Regional commission	Central government	Institutions abroad
Yes	47	79	29	7
No	39	10	60	82
No answer	14	11	11	11

local leaders immediately blame the link between those commissions and the central government.

The situation described above can be evaluated from a different angle. If municipalities act as mediators between the local population and the central government, they tend to play the same role towards the European Union. EU regional funding gained considerable significance with the reform of the structural funds in 1988. Nowadays, regional policy is essential to the EU integration process, as Maastricht demonstrated with the creation of the Committee of the Regions. On the other side, we find municipalities trying to adapt to new ideas, new procedures, new mechanisms, in order to pursue future development. We therefore need to review relations between local governments and other agents involved in EU matters. What has been the influence of strategic agents on the municipalities' European policies? Table 9.5 below synthesises the information.

Table 9.5: Perceived influence of different actors (%)

	Commission of regional co-ordination	Technical support offices	Central government	National municipal association	Local business	Regional development associations
Very influential	64	25	14	14	0	4
Influential	18	29	43	39	14	29
Not very influential	0	18	25	25	57	32
No answer	18	28	18	22	29	35

The data confirm some of the ideas already presented. However, it is

important to note that there are no specific procedures for dealing with EU matters among the general policies developed by municipalities.

What we do find is that regional commissions are clearly seen as the most influential agents and that their Technical Offices,⁵ are seen as influential in over half the cases. Other agents are seen as having less influence, though the case of central government is interesting, in that the majority of municipalities believed that it could act as a barrier to municipalities' *European* policies.

Nevertheless, the strong link between municipalities and regional commissions is important. Over recent years these commissions have changed considerably, adapting their organisations, especially the staff, to the new EU environment.⁶ But even if they are the most important link between *local* and EU levels, other agents cannot be underestimated, even if their influence is different. For example, the national municipal association tends to act as a lobby at both the central government and EU levels.

There is also the belief that the EU will lead to future problems at the local level. Over half (55%) of the municipalities believed that EU matters will become controversial.

Table 9.6: Barriers to EU related municipal policies (%)

	Lack of financial resources	Lack of trained personnel	Lack of political leadership	Lack of information	Lack of co-ordination
Major barrier	80	18	29	32	18
Barrier	4	47	22	40	40
Small barrier	4	15	25	7	18
No answer	12	20	24	21	24

⁵ These offices are based in the regional commissions, and work with groups of municipalities (usually five or six) supplying (mainly) technical support: topography, legislation, specific plans, etc. Their influence is most visible in the rural and/or less developed municipalities.

⁶ In the case of the northern region, as the planning director of the commission told us, more than 90% of the work done there is related to EU matters.

What barriers did Portuguese municipalities see as limiting their operations at EU level? Table 9.6 summarises the data.

Perhaps more than some of the other cases reviewed in this book, Portuguese municipalities suffer on all fronts. They lack finance, they lack information, they lack trained personnel, they lack coordination, and they lack the kind of political leadership active at the European level often found in local governments in other countries. Portuguese municipalities have long suffered inadequate finance, so their situation with regard to the EU is no different. One author quotes an illustrative statement by a municipal chairman, worried about the lack of money:

The financing from the Equalisation Fund, for those municipalities lacking financial resources, represents a very important source, but unfortunately it has been decreasing, because municipalities needs and competence have been strongly increased. So, since the Equalisation Fund doesn't *equalise* anything, those municipalities have to seek for other resources. Now, one begins to notice a *beggar-type pilgrimage*, which is an offence to the desirable principle of municipal autonomy (Ruivo 1993: 414).

Nevertheless, there is a response to the relative importance of political leadership, which is perhaps more important in some ways than certain other factors. Taken together with our meetings with municipal chairmen, our findings confirm the existence of a less visible dimension, namely an informal, labyrinthine state, where the political capital held by those leaders is used under complex circumstances in order to overcome centralisation and particularly fiscal stress. As in the past, patronage and clientelism play an important role (*ibid.* 407-437).

How does this political capital operate? In another survey, conducted in 1991 (Ruivo 1993), municipal chairmen suggested that the most important resource helping them to fulfil their goals was precisely their network of personal connections and relationships. This network is more important than the support they get from their political party or from their administration.

Obviously these political leaders are well connected to central administrative structures in the ministries. They also act as mediators and they know the labyrinthine ways of the state. Specifically, municipal chairmen use this network at central level mainly to obtain financial resources and to speed up bureaucratic procedures, as well as to obtain

approval for projects.

Nevertheless, this dependent relationship is not purely clientelistic. Portuguese traditional clientelism can still be found in some rural areas and has some influence on the conservative attitude that prevails in those areas, except in the south of the country. However, democratisation, urbanisation and the subsequent rural depopulation has turned this clientelism into a rarer and more local phenomenon. At present, local leaders still play a patron-type role towards local communities, but they depend on their personal network, established mainly in Lisbon, to achieve their goals. So we have an ambiguous kind of clientelism operating in Portugal. It is for this reason, amongst others, that we need to interpret the Portuguese case with care when we consider local relationships with the EU.

CONCLUSIONS

Portuguese local government is being forced to react to the impact of the European integration process, as our data reveal. The links between municipalities and between them and other agents can easily become a barrier to local autonomy. Even if there are larger amounts of funding available, such European funding depends on the eligibility of applications. There is a tendency to regard all EU initiatives as positive goods, but we have to ask whether the integration process does not also have some serious negative consequences at the local level.

It is also possible to suggest that the strategy developed by Portuguese local governments towards the EU reproduces that developed towards central government. The recently formed democratic local power with its *innate* centripetal tendency tends to forget its participative dimension (Fernandes 1992). Moreover, the decline of the nation state is also visible. If this is so, then the reinforcement of supra (European) and sub-national (local) levels becomes necessary (Schmitter 1992). However, in the Portuguese case, the centralised dynamic of the regime, which maintains the vigour of the nation state, cannot be ignored. What we found was some signs of change, where the most powerful and modernising municipalities have taken advantage of their status and of the ambiguous climate in order to increase their influence. Nevertheless, at the top of the chain, and because of uncertainty at the bottom, we also found scepticism: municipalities reveal a lack of understanding of the

direction and purpose of European integration, which they find mysterious.

But European problems have clearly not affected local governments' routines. The absence of change at this level is a consequence of the condition of the whole country. Most municipalities can be perceived as extremely peripheral in the European context, since they form the periphery of an undeveloped country.⁷ Furthermore, the recent economic recession has undermined the economic and social fabric of Portugal. Such problems are a common concern for the whole of Europe, but for a small, open economy like Portugal they are much more serious.

Portuguese municipalities can be located at a very preliminary phase of the integration process, where the priority is the exchange of information, mainly coming from central government and regional commissions. Municipalities still do not have an active voice in this process. If we consider the regional commissions as extensions of central government, and if we remember that the legal and financial autonomy of Portuguese local government is very limited, we have an explanation for the undeveloped stage at which we have found the municipalities.

Nevertheless, the situation is dynamic. We have different integration rhythms, and the majority of the municipalities are promoting a modernisation process, beginning with basic facilities. Some others (mainly the more developed ones) have broader concerns. In this context, European integration has generated a sort of diffuse response to external stimuli. But it is difficult to detect significant changes at the local level: such change, internal or external, is still largely hidden in Portugal.

The exception can be found in some municipalities, notably the larger ones which are promoting changes in their policies, often with support from other actors, such as the development associations. Municipalities such as these are reorganising themselves in order to take advantage of the opportunities in the European arena. The most relevant consequence of this process is the increasing divergence in municipalities' levels of development. This divergence is partially promoted by central government - by burying regionalisation and withdrawing equalisation

⁷ In addition, in these municipalities the quality of leadership and management exhibits the same *undeveloped* tendency, though with some honourable exceptions.

funds.

The other consequence, derived from this ambiguous environment, can be described as a diffuse spill-over of this modernisation towards less developed municipalities, often in the interior rural regions, away from major cities. These municipalities are the ones that have to struggle for their dignity, asking for more resources, mainly human and financial, but in many cases they also face depopulation - a counterproductive effect of the uneven development. Here, we need to reflect on the impact of this underdevelopment on the European integration process: there is a paradox - integration producing disintegration - that needs a solution.

Nevertheless, as we have noticed, one of the most important resources in the process is the political capital of local leaders, which produces new ideas and new dynamics. Somehow, the signs of spontaneous and intuitive action are being replaced by a new strategic game involving local, national and European actors, who create real networks, but at the same time preserve the local, but not necessarily the localist, ideal.

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10. 'Yes, in Theory. And Perhaps in the Future': European Integration and Local Government in Italy

Enrico Ercole

While constant support by Italy for European integration, a heavy pro-EU majority in the referendum of 1984 and public opinion polls showing strong popular support for the EU all give a picture of Italy as a strongly EU oriented country, a different story is revealed when we review the European experience of Italian local government.

Italy is usually the last country to implement European directives and is also the country required to comply with the largest number of decisions of the European Court of Justice. Finally, Italy draws on only part of the financial resources available to it through European programmes. Our study of Italian local governments gives a somewhat similar picture. While interest amongst local governments in the EU is high, the level of both knowledge and activity related to European issues is quite low. However, the fact that both information and activity related to the EU have been growing in recent years allows some optimism about future trends.

How it is possible to explain this 'Italian paradox'? This is the task of the chapter, starting from empirical research conducted in order to test the relevance of issues related to European issues in local government. The results are preceded by a general overview of politics and administration in Italy.

POLITICS AND ADMINISTRATION IN ITALY: BACKGROUND

The Italian state is based on a tradition of centralisation dating from the