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Europe's Rising Regionalism
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DEVOLUTION OF AUTHORITY

The nation-state is too big to run everyday life, and too small to manage international affairs. So say many of Europe's regional and big-city leaders, who are themselves gaining influence and authority. European cities and regional governments are acquiring bigger budgets and developing more professional bureaucracies. National cultures are being squeezed between a broader popular culture and briskly reviving regional cultures.

Europeans are finding national interests hard to see, let alone define. The role of European governments is just as ambiguous. National leaders had an easier time during the Cold War, when, thanks to NATO, they could satisfy the essential need, military security. But in this transitional time, economic security is far more pressing, and far more elusive. A second industrial revolution is causing serious social dislocations. The nation-state's inability to keep unemployment at a tolerable level while maintaining the social safety net has accelerated Europe's growing devolution of authority.

With European governments losing or ceding control of national economies, their constituencies are turning to the market for help. Two parallel and related processes have emerged. One is regionalism, the other globalization; instead of working through national capitals, European regions are linking themselves directly to the global economy.

As the role of central governments shrinks, democratic societies are being fragmented and factionalized politically, culturally, and linguistically. Mainstream political parties, especially in Europe, are losing their credibility and support. The institutions of government are under even heavier pressure. At varying speeds and to varying degrees, authority is drifting down from national capitals to provinces and cities. Regionalism, whether within or across national borders, is Europe's current and future dynamic. Its sources vary, but it is judged on many sides to be partly a protest against the authority of national capitals by people who see themselves as belonging, historically and otherwise, more to "Europe" than to a nation-state of clouded origins and dubious boundaries.

The nation-state is in most cases a relatively recent formation, and in many places the process of cobbling it together left a deposit of sour memories. With the Cold War over, people are indifferent to whether Germany acquires a seat on the U.N. Security Council or Poland is admitted to NATO. Foreign policy has to be concerned with crime, drug trafficking,

and immigration. Local authorities feel that they, not national governments, are best suited to deal with such matters, even though they must compete with their capitals for adequate funding.

Officials in some provincial cities see growing regional sentiment as a reaction to burdensome regulations descending from European Union headquarters in Brussels. But many regional leaders and officials are self-professed Europeans; they talk about bypassing national capitals and dealing directly with Brussels. The deeply controversial Treaty on European Union concluded at Maastricht in December 1991 took account of the trend by creating a Committee of the Regions, although that body's mandate is still not clear.

What is clear is that in this age of global trade and capital flows, not to mention information highways and high-speed travel, local entities feel better placed to manage their affairs than distant bureaucracies, whether in national capitals or in Brussels. The German state of Baden-Wurttemberg, for example, is making its own foreign and trade policies; it has signed several hundred agreements with other regions and entities. In this more freewheeling environment, bankers and industrial planners have begun to view Europe at least as much as a group of distinct economic regions as an assortment of nation-states.

Creating the climate for faster growth is a top priority for any government, and one that European cities and regions believe themselves better equipped to achieve than their national capitals. Regionalism is also partly about infrastructure. Raising taxes to finance infrastructure projects is probably not an option for most EU governments; their revenues already average nearly half of GDP, compared with less than a third in the United States. Much of the investment in large projects is thus being done at the regional or local level, often in cooperation with neighboring regions with which the region or locality has strong economic ties.

Regionalism is much more than a return to cultural roots or a distancing from national capitals. It has as much to do with wealth creation as anything else. Many and probably most of the wealthiest provinces of Western Europe are interacting with one another (and in some cases with parts of Central Europe) and together creating super-regions -- large economic zones that transcend national boundaries.

RIPE BANANAS

Various banking and business circles believe that Europe's industrial and financial heartland is dividing into banana-shaped configurations. Jordi Pujol, the president of Catalonia, Spain's dominant political figure and Europe's most conspicuous prophet of regionalism, will sketch the two most highly developed "bananas" for visitors to his Barcelona office. The first zone, which he considers more important, stretches from southeastern England through northern France and the Benelux countries and down the Rhine Valley into Switzerland. The second forms an arc from the Veneto in Italy, west through Lombardy and the Piedmont into the Rhone-Alpes, across France's Mediterranean coast and hinterland, and into Catalonia. Pujol calls this second "banana" Europe's Sunbelt, noting that it is undergoing the kind of economic growth that transfigured America's Sunbelt a few decades ago.

Other potential super-regions include an Atlantic arc stretching from Ireland through Wales and Brittany across the sea into Galicia and Portugal, and a zone that would closely resemble the former Hanseatic League, built around its original Nordic and Baltic membership.

Regionalism's hostility to distant bureaucracies may seem to target the institutions of the EU as much as ministries in national capitals, but it's not that simple. To take advantage of economies of scale and compete globally, the regions need a single market. Pujol and his allies believe the regions and the EU fraternity in Brussels have a common interest: weakening the nation-state. The regional movement, they feel, has been better accepted by EU institutions than national governments. The most important players of the future, they predict, will be the regions and the EU.

Nevertheless, in Germany, France, much of Spain, and most of Italy, there is a curious, perhaps predictable, ambivalence toward the EU; people favor it, by and large, but they reject the proposition that it should exercise power over their lives. They consider Brussels overly bureaucratic and technocratic. In any case, the EU isn't offering what Europeans are looking for: something they can relate to emotionally. The Germans call it *Heimat*, and some say it is the true source of regionalism. In France's 1992 referendum on the Maastricht treaty, the 49 percent who voted against ratification were judged to be largely pro-Europe but anti-Brussels.

Various regionalists see their role as stemming what some of them call the centralizing tide from Brussels. They ask whether it is the EU's job to build highways in Portugal, or to tell farmers how many pigs to slaughter and how big their apples can be, or to ordain a standardized tractor seat for all 15 countries of the union. The system's defenders respond that the EU encourages growth because, for example, instead of having to deal with 15 different sets of standards and regulations, manufacturers of tractor seats for the European market need meet only one.

Brussels also perceives that the single European market will help the regions of Europe by blurring national frontiers. As borders lose their meaning, deeply rooted patterns of commercial and cultural interaction are reappearing in regions where people have more in common, culturally or economically, with neighbors across the border than with their fellow countrymen. Baden-Wurtemberg, Alsace, and Basel are now one region for employment purposes, and a heavy concentration of both industry and universities is bolstering a regional identity. Saxony, in eastern Germany, is slowly becoming the midpoint of a similar region reaching north toward Berlin, south into the Czech Republic, and east to Poland.

In France, some are concerned that a piece of the southwest will again become part of the Catalan sphere of influence. French cities that were once the cultural centers of Catalonia are watching a lot of Catalan television, and the area around Toulouse is now doing more business with Catalonia than with other regions in France.

The Rhone-Alpes is France's strongest region, and Lyon, its capital and France's second-largest city, is a major international center. Lyon's commercial policy is gaining independence and extending its European and global reach. Its airport was the first in France to acquire a high-speed rail link. Lyon's plan for growth includes high-speed rail service to Turin, Italy, which will require tunneling 35 miles through the Alps but will cut travel time between the cities to just over an hour. The wealthy triangle formed by Lyon, Turin, and Geneva -- known as the Alpine Diamond -- has a synergy that few regions of the world can match.

High-speed rail transport will become increasingly important in exploiting that synergy's potential, and will be another equalizer as regions and major cities further detach themselves from national capitals. So-called intermodal transport will move people and goods through a tight network of air, rail, and road links based on joint planning carried out by regional centers in two, three, or four or more countries. The most costly component is the as yet incomplete

high-speed rail network; it requires trains of the kind first introduced in Europe as the French Train ... Grande Vitesse, commonly known as the TGV, along with fully modern terminals linking the rail system to major airports. Germany, Italy, and Spain have emulated France, introducing trains similar to the TGV. Not surprisingly, cities, rather than regions or nation-states, are the strongest advocates of a continental rail system.

In 1988 the regions surrounding Stuttgart, Barcelona, Lyon, and Milan -- Baden-Wurtemberg, Catalonia, the Rhone-Alpes, and Lombardy -- formed the Four Motors Association. The idea was that the four would together become the engine for European growth. Thus far the group has not managed to focus attention on the region's knowledge-intensive industries, which was its early purpose. Europe's most prosperous industrial regions are still reluctant to interfere with the methods that have worked so well in the past, even if competing in the global market requires moving as rapidly as possible into technology's upper reaches. Some say the association's real function is to coordinate regional policy with Brussels and work around disputes between EU members over integration issues.

If the larger purpose of the Four Motors Association is wealth creation rather than a conscious return to roots, will the process drive politics in its and other regions to the right, especially as some become richer and others poorer? And who will protect the poor and disadvantaged? Nation-states? The EU? Will new and wider disparities be created? And to what extent is regionalism corrupting local politics? Corruption is already a powerful and debilitating force in numerous European countries, notably France, Italy, and Spain. Increasing the number of decision-makers and the money available to local government increases the opportunities for graft.

A large and unexamined question is the effect of regionalism on European security. Most European members of NATO are scaling back spending for defense, and in more than a few cases self-absorbed regions may insist on smaller commitments of resources for that purpose. Germany is a conspicuous example. When the Berlin Wall came down, some Lander leaders wanted to convert military bases into schools and other civilian facilities. Mayors in some of the regions argued for keeping the bases because of the jobs involved. Neither side claimed that the bases were necessary for defense, present or future.

Europeans for the most part have lost the habit of thinking about providing for their security at the level of the nation-state. Instead, they have an existential feeling of security from membership in both NATO and the EU. Defense spending by European states is in free fall. But their governments should understand that a diminishing commitment to their own security may weaken support for NATO within the United States, its leader and ballast.

The combination of porous borders and weakened national governments and police forces complicates efforts to combat illegal drugs, organized crime, and hot money. The European Commission says it needs more authority to cope with organized crime syndicates operating across national boundaries and, consequently, existing jurisdictions.

Pondering the effects of regionalism on security raises another question: with regions acquiring separate identities, will some of them tilt against one another, as in the past? The revival of ethnicity brought on by regional resurgence is a concern, and not just in historically volatile areas. Nevertheless, the net effect on security may be positive, at least to the extent that regional power can allay local anxieties and neutralize potentially violent separatist

groups. In doing so, regions relieve pressure on national governments. It is not by chance that regional power has grown with the willing assent of the state -- although it has grown in some places because national governments could not deter it by any acceptable means.

One way of thinking about regionalism is to recognize that in Western Europe the Cold War was accompanied by vastly successful modernization, which blurred regional cultures. The current revival of those cultures is in part a protest against that process, but in most places a benign one.

THE LENDER OF GERMANY

The regional current is running strong in most parts of the EU, conspicuously in Germany, Belgium, northern Italy, Spanish Catalonia, southwest France, and the Rhone-Alpes. In Italy, a highly centralized state must cope with a highly decentralized economy and a regionalist north that wants a federal structure. With its even more centralized system, France will have the most trouble coping with regional sentiments. Germany is better prepared, thanks largely to its well-established federal structure. German regionalism also has the strongest roots; tradition and Germany's brief but tumultuous history as a nation-state have strengthened the regional and tribal instincts of its people. Germans today exist comfortably within their federal structure; most of them feel as if they are living once again as Thuringians or Bavarians or Westphalians first, and Germans second. It's easier to say, "I am a Swabian" or "I am a Saxon" than "I am a German," although some (who can say how many?) might add, "I am also a European."

Today's German federalism was not imposed by the victorious Allies of World War II, although they strongly supported it, but by the founders of the Federal Republic in 1948-49. They believed that political life in West Germany should be built around reconstituted Lander. In East Germany, Soviet occupation authorities replaced the five eastern Lander with 14 military districts. But when the Berlin Wall came down and unification became a reality, East Germans instantly reclaimed their regional identities. Lander flags, not the national flag, were flown.

German federalism is the model for regionalists elsewhere, but it doesn't travel. The Lander system requires a large administrative capacity at the state level, which most regions do not possess. The Lander governments dominate social policy, including education, and they have a voice in foreign policy through offices they maintain in both Bonn and Brussels. Those offices are used primarily to lobby members of the Bundestag and the diplomatic community and representatives of industry and commerce. Parliamentarians, diplomats, and other lobbyists all agree that the Lander offices are the best hosts in Bonn, and more than hold their own in Brussels.

However, the chief source of the Lander's power in Bonn lies not in their lobbying prowess but in their control of the Bundesrat, the upper house of parliament designed to represent the 16 Lander. The Maastricht treaty was ratified only after the Bundesrat had bowed to pressure from Lander leaders for more authority over EU policy. The Bundesrat must approve more than half of all bills, especially those that concern the financial and administrative affairs of the Lander. When the Bundestag and the Bundesrat disagree, a committee is formed to mediate a compromise.

Evidence of the decline of the German state is reflected in the diminished status of various ministries, including even the Finance Ministry. According to Herbert A. Henzler, chairman of McKinsey & Co. in Germany, 40 percent of German public spending originates on the federal level, 30 percent in the Lander, and 30 percent in cities and towns. Federal spending is in continuing decline, he says.

Economic growth in Germany has been concentrated in several rival cities -- Hamburg, Munich, Stuttgart, Frankfurt, and Dusseldorf. Regions like Bavaria and Baden-Wurttemberg rely on their business communities for leverage against Bonn. Their big auto companies, BMW and Daimler-Benz, can threaten to take jobs farther east or across the sea to Puerto Rico or Asia, where costs are not as oppressive. It is politically correct to be involved with the east, but investors in Munich are far less interested in the new Lander of eastern Germany than in the Czech Republic, Hungary, and other East and Central European countries. Siemens, a Munich-based conglomerate that is the third-largest German company behind Daimler-Benz and Volkswagen, has a presence in every East European country, including Bosnia. Siemens reckons that its labor costs in the east are about ten percent of comparable costs in Germany, with productivity at about 70 percent of what it would be at home.

Among the Lender of eastern Germany, Saxony is the pacesetter and Dresden the most influential capital city, thanks in part to Saxony's minister-president, Kurt Biedenkopf, who is at least as respected as any of the country's political figures and, aside from Kohl, widely regarded as the most resourceful of them. Biedenkopf's administration is developing productive links with Bavaria and Baden-Wurttemberg, a task made easier by Biedenkopf's position as a major figure in the Christian Democratic Union, Germany's dominant party. Like many Germans, Biedenkopf feels that the larger interests of both Germany and Europe require further decentralization. Their concern is that a dominant, centralized republic with 80 million citizens and Berlin as its capital will intimidate its neighbors and foster anti-German coalitions.

THE SOUTH OF THE NORTH

Spanish Catalonia tends to think of itself as a nation, not a region. It is hard to disagree, even though Catalonia has not known political independence since the late seventeenth century. It was among the early European nations, once a medieval imperium whose maritime power for a time gave it control of Sicily, Corsica, Sardinia, and the Balearic Islands. The Catalan language reached into Provence, and by the fourteenth century most of southwestern France was ruled from Barcelona.

Contemporary Catalans see themselves as charting their course on a similarly large canvas. They not only consider Barcelona the first city of the Mediterranean -- which it is -- but regard themselves as constituting the north of the south and, more important, the south of the north. They see themselves as belonging to a community of northern European nations and a single market of 400 million consumers.

President Pujol and most politically aware Catalans feel that by any standard criteria, including economic stability, per capita income, population, cultural attributes, history, and outlook, they are more a northern European nation than a region in the less prosperous, less dynamic, more agrarian, and historically divergent mother country. It was Catalonia's entrepreneurial spirit, along with its location, that gave Spain access to the Industrial Revolution. Barcelona's cultured bourgeoisie acted as a magnet for the avant-garde, from Romanticism to Art Nouveau and Surrealism. For Barcelonans, the Castilian capital, Madrid,

is a rather provincial city of limited interest. Pujol and his fellow nationalists like to emphasize Catalonia's Europeaness -- how it played virtually no part, for example, in the Islamization of Spain, and was always oriented to the north and east. Among the long list of Catalan claims is that in 1359 the Kingdom of Catalonia became the world's first parliamentary government. Pujol is a well-known personality in Western Europe, partly because he is a fervent European, meaning he supports the EU. He uses the union to help him distance Catalonia from Madrid.

Catalan separatism does have its limits. The region's banking and industrial elite are reluctant to rock the boat, aware that Madrid will not surrender complete control of Spain's richest source of revenue and gateway to Europe. Catalonia produces a quarter of Spain's exports and 40 percent of its industrial exports with less than 14 percent of the population. Its renovated port handles nearly a quarter of the entire Mediterranean shipping trade. Like northern Italians, Catalans resent their nation's capital, which they view as sponging up the wealth they create and top-heavy with bureaucracy.

Among Pujol's weapons for distinguishing his putative nation from Spain, none has been more effective than the Catalan language, which he uses to sustain and extend the Catalan personality in Catalonia and beyond. Catalan is the language of instruction in Catalonia's schools, while Spanish is an elective like English and French. A group of parents who sued the state, insisting that children be taught in Spanish, lost. Embittered citizens say that Pujol's Catalonia obliges one to speak his language instead of the mother tongue. Pujol's allies respond that doing otherwise would create two opposing communities; the Catalan language, they say, is the great equalizer in a society where Andalusians and other non-Catalans constitute 40 percent of the population. A different pattern is visible in the media; Barcelona's major outlets for both print and broadcast journalism divide about equally between the two languages.

As imposing as Pujol is, he shares center stage in Barcelona with Pasquall Maragall, the vastly successful and popular mayor. Maragall, an urban planner by training, is said to envisage a resurrection of city-states, some of which would form a metropolitan system stretching across the Mediterranean littoral from Barcelona through southern France and into Italy. He thinks that such a system can function more smoothly and productively than one of nation-states. Maragall envies Milan and observes that Barcelona, too, must be able to sustain an international airport, with nonstop flights to New York and Tokyo. La Scala is another object of his envy; a world-class opera house is high on his list of musts. Still another priority is a high-speed train that would eventually connect Barcelona to Montpellier, Lyon, and northern Italy. There is little else Maragall can do to achieve what he most envies about Milan -- its central European location.

DEVOLVING FRANCE

France is the world's consummate nation-state. Its uniquely centralized authority dates to the early 1790s, when the country was divided into 88 departements, each run by a *prefet* appointed by Paris. In 1964, the departements were grouped into 21 regions, all drawn in a way that avoided similarity to the culturally distinct provinces.-1

But the freewheeling activity in cities and regions along and across France's borders with Germany, Spain, Italy, and Belgium has had a ripple effect. Most major French cities have acquired larger budgets and more authority than ever before. In 1982 the newly arrived

regime of President Francois Mitterand, who saw the prefects as a conservative-Gaullist elite, granted fairly broad powers to regional councils. Since then, the councils and the prefects, still appointed by Paris, have coexisted within a complex system of checks and balances.

Last July the government of President Jacques Chirac disclosed plans to delegate more decision-making power to the regions. The minister in charge of the public sector cited "profound archaisms" in the management of the state. Ministries in Paris, he noted, would lose 70,000 jobs, and the number of headquarters functions in Paris would be cut by 30 percent.

The chief threat to the Paris edifice and Bonapartist tradition lies in the largest French region, the Rhone-Alpes, and its capital, Lyon. In its economic strength and versatility, along with the depth of its cultural and educational institutions, Lyon is second only to Paris. The city is home to nine universities with 180,000 students and has a vast technological base. The Rhone-Alpes is as large as the Netherlands, Belgium, and Switzerland combined, stretching from the Rhone River in the north to the Savoie mountains on the Swiss and Italian borders to the east to the rural ArdŠche in the south. Other big cities like St. Etienne and Grenoble, one of Europe's premier centers of advanced technology, are collateral sources of regional economic power and reach.

The senior officials and planners in Lyon convey the same awareness of being the hub city of a region on the move as do their counterparts in Barcelona. They compare their projects and goals with those of colleagues there, whom they know well and consult regularly. The chief difference is that the Lyonnais make no claim to nationhood or cohesiveness. The Rhone-Alpes, they recognize, is an artificial construct -- an assortment of dissimilar departements patched together by the state, against which the region is beginning to turn.

The Lyonnais profess to feel unambiguously French and do not, they say, have the soaring ambition of Catalan nationalists. But they have a similar desire to run their own show and to forge the external commercial links that will help them compete effectively in European and global markets. And Lyon does have some confrontational history. It was once a center of French Protestantism, and became the publishing center -- above and below ground -- of the Protestant movement. The city was also, in the 1940s, the headquarters of the French Resistance and its greatest leader, Jean Moulin.

Lyon brims with confidence and possesses a powerful entrepreneurial ethos. Along the axis formed by Lyon and Grenoble, the region's main cities, lies a flourishing private sector of over 4,000 companies -- exporters in sectors ranging from agriculture to biotechnology that, by and large, have enjoyed trade surpluses with most of the world. Locals like to compare this aggregation with the huge, poorly performing state-owned companies that have long dominated the French economy. The comparison, they feel, helps explain why the Rhone-Alpes began its recovery from the recession of the early 1990s before other regions of France.

Among the Rhone-Alpes' other advantages is Raymond Barre, mayor of Lyon, a deputy in the National Assembly, and president of the city's International Council. Barre, 72, never wanted to be mayor and agreed to run for the job only because the incumbent had been tried and convicted for corruption. Few, if any, other French political figures are as esteemed as Barre; besides having been prime minister for five years, he was also a respected professor

of economics. His presence expands Lyon's range of options and aids the entire region, if only because no one in Paris can accuse this statesmanlike figure of promoting the interests of the city or the region at the expense of the country.

Lyon aspires to be the capital of southern Europe, and its claim to the role of southern gateway is strong. Its location and other attributes, including state-of-the-art transportation links, have helped the Rhone-Alpes attract considerably more foreign businesses than any other region of France. Many corporate executives, in deciding where to locate offices and warehouses, discover strong competitive advantages in Lyon's expansive highway system, modern Satolas airport, and links to high-speed rail service.

The city sees itself as the center of Europe's southern arc -- a swath that resembles the banana Pujol likes to sketch. However, the Lyonnais configuration also takes in Geneva and stretches across northern Italy to Venice, then later extending to the east to incorporate Vienna and Budapest. Moreover, planners and promoters say, Lyon is establishing the major north-south axis between Frankfurt and Barcelona, and becoming the leading link between Europe's northeast and southwest.

PADANIA RISING?

Judging by the press coverage and commentary, northern Italy would seem to be the caldron of subnational regionalism. In no other part of Europe, except possibly Corsica, is there more intense hostility toward the center, in this case Rome. In no other EU member state is there such an avowedly separatist movement or so much talk of a divided country. No other region harbors so shrill a secessionist, regionalist, or whatever Umberto Bossi, the chief of Italy's far-right Northern League, may be calling himself on any given day. But no part of northern Italy is likely to secede. As is usually the case in Italy, the raucous noises are deceptive and the situation more complicated than it appears.

Northern Italy is a medley of separate regions that have cultural and economic ties to neighboring countries. The Piedmont, Liguria, and Val d'Aoste lie within the French cultural orbit, Lombardy and the Veneto within the German. They are alike in their prosperity: the Veneto, the 7,000 square miles surrounding Venice, probably has Europe's highest per capita income and lowest unemployment. All of northern Italy is also alike in its febrile hostility toward the central government, especially toward what are seen as an intrusive bureaucracy and punitive taxes. Over the last decade taxes on business profits have jumped from 49 to 69 percent. Those who pay them regard them as a tribute exacted by Rome to sustain the idle and feckless of the mezzogiorno, the southern part of Italy, where in some areas unemployment hovers around 30 percent.

Northern Italy's regional assertion is bound up with the volatile and unpredictable Bossi, one part rabble-rouser, one part extremist -- "a certifiable loony," in the words of a prominent European ambassador who has observed him closely. But so far, Bossi alone has managed to articulate the grievances of wealthy, disaffected northern Italians. He was not a secessionist at first but soon became one, demanding that Italy be divided into three republics. In the 1992 national elections the Northern League emerged as a major force in the north, with 23 percent of the vote. In the April 1996 elections, the League outpolled all other parties north of the Po River. Nationally, it can claim the support of a tenth of the electorate. It can tilt the balance in national elections, as Bossi proved when he joined with Silvio Berlusconi and his Forza Italia in the 1994 elections and when he withdrew his backing in 1996.

Still, in winning ten percent of the vote in the national election last year, the league lost some parliamentary seats. Two months later its mayoral candidates in three northern Italian cities -- Mantua, Lodi, and Pavia -- failed to make it past the first round, finishing third behind those of the center-right and center-left alliances.

Bossi's inflammatory rhetoric has become a burden for his movement, as have the memories aroused by the green-shirted militants who surround him. He tells the faithful to stop paying taxes, and he has been pressing for a referendum on secession; on June 2, 1996, the fiftieth anniversary of the Italian republic, he led tens of thousands of people in Lombardy in an oath of allegiance to Padania, a new state that would be composed of the breakaway northern provinces, Italy's economic heartland. Bossi's colleagues, however, do not share the leader's secessionist bias, and, depending on the audience, Bossi himself sometimes disavows secession. The ambiguity about the league's purpose is essential; most of those who vote for league candidates do not favor a split from Rome.

During the campaign last year, Romano Prodi, the leader of the victorious center-left coalition, promised to overhaul Italy's tax system and grant more power to town halls. Now that he is in office, however, Prodi is finding federalism a daunting and distant prospect at best, more an ideal than a goal. Italy has well-developed administrative structures at the municipal level, but its provincial bureaucracies are very weak. When municipal authorities were granted some of the taxing authority they had been crying for some years ago, they subsequently complained; they did not like the added responsibility. Creating a federal system would also mean trying to dismantle a vast, well-entrenched state bureaucracy.

The rich, disaffected northern regions take for granted a robust domestic market and equate the future with their ties to the other side of the Alps. Several firms in the Piedmont are moving into the Rhone-Alpes, where they consider the infrastructure better and the bureaucracy more responsive. Milan and the rest of Lombardy, once an outpost of the Austro-Hungarian Empire, now feel a strong sense of belonging to Mitteleuropa. Milan's architecture matches its attitude. It was the Austrian empress Maria Teresa who pushed for construction of La Scala, the opera house that Maragall envies so. A Milanese planner sees two arcs of prosperity -- one stretching from Barcelona to the Danube Valley and enfolding northern Italy, Trieste, Bavaria, and Austria; the other extending from southwestern England through the Rhine Valley to northern Italy. He sees Milan, the region's business and cultural hub, as the axis of the first arc and vital to the second.

BETWEEN BARCELONA AND BRUSSELS

As competition in the global market gathers force, so does the regional trend. The question many Europeans are asking is whether regions are gradually supplanting nation-states as sources of political authority and custodians of public policy. The answer is unclear, the signs pointing in different directions. For a variety of reasons, European governments no longer seem capable of fulfilling the terms of the social contract -- ensuring jobs and prosperity, not to mention absolute security from want, hardship, or inconvenience. But if governments cannot fulfill the social contract, on what basis will they govern? Will they be able to maintain social peace in large cities? Will they guarantee law and order? Will they espouse the exclusion of foreigners, and other populist causes?

Cities and regions can and probably will assume responsibilities that have belonged to central governments. Still, whatever happens, regions are unlikely in most cases to assume responsibility for the social contract, least of all the burden of providing social security.

Equally unlikely is the prospect of an EU built mainly of numerous regions, large and small. So far, the significance of the regions is a good deal more economic than political; the heaviest impact is being made by the super-regions and lesser transnational communities, not least on the global economy. The nation-state is not going anywhere, not anytime soon. Its writ will continue to cover taxation and defense. It retains a solid grip on the EU's institutions. And it remains the only proven instrument for protecting justice, tolerance, and other human values. That said, the signs point to regionalism, not the EU, as constituting the larger threat to the authority of the nation-state.'

1 Christopher Harvie, *The Rise of Regional Europe*, London: Routledge, 1994, p. 58.

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