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Peripheral Regions in Duress: Counter-Social Capital Impediments of Local Development in Rural Greek Areas

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46TH CONGRESS OF THE EUROPEAN REGIONAL SCIENCE ASSOCIATION:

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Peripheral regions in duress: Planning deficiencies and counter-social capital impediments of local development in rural Greek areas

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ABSTRACT: Unlike most enthusiastic narratives of various success stories in recent North European regional economic development led by innovation, localized learning, social capital and institutional embeddedness, this paper deals with a set of major stresses and problems of local development and planning in peripheral, less favoured, rural regions. By drawing upon concrete research experience of regional development projects we try to shed light upon the processes of spatio-economic development and planning in connection with prevailing social attitudes/values in less developed Greek rural areas' attitudes/values constituting "counter-social capital" forces that impede local development initiatives and reproduce backwardness and marginality. The policy relevance of our analysis calls for the elaboration of alternative development strategies aimed rather at enhancing local social capital potentialities than at improving hard infrastructure and providing financial incentives to local firms.

Key-words:

Local development, peripheral rural areas, local production, counter-social capital, cultural values, spatial planning.

1. Introduction

The social capital approach is a recent theoretical development within social sciences in general and regional science and economic geography in particular. This approach has been broadly used so far to address various “success stories” of local socio-economic development in advanced European and North American regions and cities. In those areas the cultures of production networking, collaborative learning, reciprocity and associationism have a long-established tradition, and the philosophy and practice of planning has been an inseparable part of their socio-economic and territorial development for decades since the end of WWII.¹

In Greece, however, case studies of local economic development based on the social capital approach are rather rare (see e.g. Christoforou 2003; Paraskevopoulos 2001; Afouxenidis 2004) and planning deficiencies continue to be the rule in local socio-spatial processes (Wassenhoven 1995; Kourliouros 1997; Economou 2002). The aim of this paper is to address some major problems of local development in Greek less developed rural areas viewed from the angle of the social capital approach. The paper, therefore, departs from mono-causal discourses in which economic restructuring and macro-forces are considered as the main determinants of local development and shifts to a more culturally and socially oriented approach. This approach is based on a “reverse” optic of the notion of social capital. More precisely, it will be argued that in the less developed Greek rural areas locally embedded social attitudes/values constitute powerful “counter-social capital” forces that impede local socio-economic development and reproduce their backwardness and marginalization. It will be also argued that the deficiencies of local spatial planning reinforce this problematic situation.

This paper is organized as following: Section 2 discusses the theoretical framework of the social capital approach. Section 3 turns to the Greek case. Sub-section 3.1 includes a broader discussion of the characteristics of rural space, while sub-section 3.2 identifies the deficiencies of local spatial planning in contemporary Greece, which is deemed necessary for an understanding of our case survey presented in sub-section 3.3. Finally, in section 4 conclusions are drawn.

2. Theoretical framework: the genesis of social capital approach

Regional science and economic geography have been undergoing major theoretical and methodological developments during the last decades (Schoenberger 1989; Scott 2000). On the one hand, a renewed interest of “traditional” economists in the spatial dimensions of economic activity has triggered off a strand of thought best known as “Geographical Economics” or “New Economic Geography” based on “hard” econo-

¹ The abolition of welfare state intervention and redistributive planning in much part of Europe during the last decades, did not manage to totally uproot the “planning memories” from the collective consciousness of European populations. The renewed interest in European territorial planning (see e.g. Europe 2000 and 2000+, the European Spatial Development Perspective and the ESPON initiatives, just to name a few) is a marked indicator that “planning still matters”, albeit in different contexts and orientations from those experienced in the post-war decades of high fordism and uninterrupted economic and industrial growth.

metrics and model-building techniques (Krugman 1991; 2000; Fujita *et al.* 1999). On the other hand, various “heterodox” economic geographers and critical regional scientists have developed a more culturally-oriented (soft) strand of thought that can be best identified by the term “new regionalism” (Amin 2003: 152; Lovering 1999).² This term incorporates various approaches that despite their partial differences share something in common: the basic assumption that regional and local growth is not merely or solely the outcome of economic processes, but a multi-dimensional phenomenon in which not only economic but social, cultural and institutional processes do play an equally important role as well (Amin & Thrift, eds. 1994; Lee & Wills, eds. 1997). This kind of “cultural turn” in critical regional science and economic geography acknowledges that the “economic” and the “cultural” are not two separate spheres of reality, but, on the contrary, they are inextricably linked to each other (Sayer 1997, 1998, 2001; Simonsen 2001; Kourliouros 2003; Leontidou 2005: ch.8). Within the “new regionalism” strand, various interrelated schools of thought have been developing so far –the most influential of which include the Italianate “industrial districts” school, the “flexible specialization” school, the “Californian school of transaction costs”, the “industrial networks” and “clusters” school, the “innovation and localized learning” (or “learning regions”) school, the French school of “innovative milieu”, and most recently the “social capital” school of thought.

All above schools of thought stress, more or less explicitly, the socio-cultural and institutional attributes of regional and local economic growth. For instance, the Italianate “industrial districts” school has reworked the old notorious Marshallian concept of industrial atmosphere that characterized the growth of localized industrial agglomerations in 19th century England (Asheim 2000; Amin 2003). The English neo-classical economist Alfred Marshall who introduced this concept, conceived industrial atmosphere as an intangible asset – something hovering “in the air” – that lubricated the “growth engine” of external economies of localization (driven by skilled labour, supportive and ancillary industries and knowledge spillovers) in interlinked industries at various localities or districts. The concept of industrial atmosphere can, therefore, be regarded as an early recognition of the importance of social capital (Iyer *et al.* 2005: 1019). According to the analysts of Third Italy’s industrial districts (Bagnasco 1982; Beccatini 1989, 1990, 1991; Bellandi 1989; Brusco 1986, 1989, 1990)³ and the “flex-spec” scholars (Piore & Sabel 1984; Scott 1988; 1990; Storper & Scott 1989), local growth in Third Italy and in other places of post-Fordist production is based upon a high degree of product specialization/segmentation and an accordingly complex social division of labour among local SMEs which is being materialized through dense inter-firms networks and supportive institutional arrangements (see also Estall & Bennett 1991: 153-7). Trust, voice and loyalty (see Cooke & Morgan 2000: 29-33) are key to maintaining local dynamism in these areas.⁴ The “Californian School” of transaction

² The co-existence of model-based (hard) “geographical economics” with the cultural (soft) new regionalism approaches within the academia – although amidst much theoretical debate and criticism from both sides (indicatively see Martin 1999; Marchionni 2004) – reveals that spatial processes in advanced market economies are too complex to be subject to the explanatory scope of a sole “paradigm” or school of thought. Thomas Kuhn’s notion of “succession” of paradigms may be appropriate enough in explaining the evolution of natural sciences, but it seems too simplistic if applied to socio-spatial discourses in which the co-existence of contrasting schools of thought is the rule (see Kourliouros 2001: ch. 2; Leontidou 2005 for an analytical discussion).

³ For analytical reviews see Asheim 2000; Amin 2003.

⁴ However, recent research evidence (Hadjimichalis 2006) suggests that Third Italy, as we knew it, has entered a new phase in its development, a phase in which its past celebrated dynamism has now been

costs (Scott 2000a; Storper 1995, 1997, 1997a) underlines the role of agglomeration economies and geographical proximity of interlinked activities in transaction costs' minimization depending on regular social conventions and contacts between producers, suppliers and clients, between firms and their sub-contractors, and between firms and their supportive institutional and organizational environments. These cost minimizing transactive linkages, or "untraded interdependencies" in Storper's (1995, 1997, 1997a) lexicon, can only take place unproblematically in high trust conditions. It is not therefore the concept of geographical proximity between economic actors that matters the most in transaction costs' minimization networks, but, also, the concept of "organizational proximity" which can only be built upon the socio-cultural features of trust, reciprocity and associationism in local socio-economic development and growth (Edquist *et al.* 2001). Similarly, the "innovative milieu" approach (Aydalot 1986; Maillat 1991) and the "innovations and localized learning" one (Malmberg 1997; Malmberg & Maskell 2001, 2005; Maskell & Malmberg 1995; Feldman 1990, 2000; Morgan 1997, 2004; Moulaert & Sekia 2003), stress that local growth is highly dependent on innovation diffusion and tacit knowledge transmission within firms, between firms, and between firms and other formal and informal supporting organizations which can be accomplished only in the context of a local social environment (or milieu) rich in trust, reciprocity and networking values, practices and dense institutional mechanisms (institutional thickness). In Grabher's (1993) view, inter-firm networks based on the "strength of weak ties" can only function effectively and secure local growth if their logic is subject to the cultural values of trust and reciprocity (see also Powell 1990; Morgan 1992, 1997; Cooke 1997; Cooke & Morgan 1990, 1991, 1996; Morgan *et al.* 2000; Sternberg 2000; Staber 2001; Strangleman 2001; Malecki 2002; Ettlinger 2003; Doloreux 2004; Gossling 2004; Lambooy 2004). In various analyses of firms' clusters as engines of national and regional competitive advantage, the role of social networks, social capital and supportive institutional structures is also explicitly stressed (see e.g. Porter 1990, 2003; Enright 1996; Cooke 1997; Isaksen 1998; Bergman & Feser 1999; Czamanski & de Ablas 1997; Wolfe & Gertler 2004; Wolfe 2000, 2004; Whittam & Danson 2001; Iyer *et al.* 2005).

Although all above approaches have tried explicitly to enrich regional economic growth discourses with strong doses of socio-cultural elements, it was the social capital approach the one that tried – in the most systematic and deliberate manner – to bring the "social" at the centre of national and regional economic growth concerns (Putnam 1993; Fukuyama 1995; Wolfe 2000; Landry *et al.* 2000; Cooke *et al.* 2005; Iyer *et al.* 2005; Tura & Harmaakorpi 2005). Mainstream approaches have for long considered national and regional economic growth as dependent on endowments of: (a) natural capital (natural resources), (b) physical capital (fixed capital investments in production and in related infrastructure), (c) human capital (labour skills and educational level, managerial and leadership skills), (d) technology, innovation and knowledge spillovers. However, the above factors do not explain how economic agents interact in the process of economic growth (Iyer *et al.* 2005: 1016). The concept of social capital bridges that theoretical gap, hence it can be regarded as the "missing link" in explaining the national and regional growth process. In other words, it can be regarded as the "sociological glue" that binds together all interacting growth factors in a common explanatory scheme.

halted, its highly localized social networks have been eroded to a large extent by waves of mergers and acquisitions, local production networks are gradually de-localized (i.e. they are turning into off-shore operations) and non-EU immigrant work is widely introduced.

The concept of social capital has been adopted by scholars in a broad spectrum of social science fields of study, ranging from fields such as education and health, to fields such as neighbourhood development, regional and national economic growth, clusters development etc (see National Statistics 2001; Afouxenidis 2004; Tsobanoglou 2006 for analytical reviews). Despite, however, its broad usage, there is neither a single definition of social capital, nor any agreements concerning its proper measurement. Moreover, there are also many criticisms ranging from sympathetic ones to criticisms that question the very foundations of the social capital theory (see e.g. Lin 1999; De-Filippis 2001; Middleton *et al.* 2005).

Despite the different definitions of the term “social capital”, it seems that the definition which is most commonly quoted in relevant literature is the one given by Robert Putnam, an American political scientist, in his analysis of the Italian regional administrative system (Putnam 1993). According to him, social capital includes “the features of social organization, such as trust, social norms and networks that can improve the efficiency of society by facilitating coordinated action” (ibid.: 167). In the concept of coordination he included all actors of an administrative region, that is, workers and managers, political parties and government bodies, private groups and voluntary organizations, and of course, firms and other economic institutions. On the other hand, social norms and networks “provide defined rules and sanctions for individual participation in organizations” (ibid.: 166). Overall, social norms and network practices provide for an internal mechanism of mutual commitment and reciprocity so that “rational individuals will transcend collective dilemmas” (ibid.: 167). In his study he found that regions with greater stocks of social capital thus defined, had a much more developed, democratic and efficient regional administrative system. According to another well-known social capital theorist, J. Coleman (1988, 1990), social capital can take the following forms; “firstly obligations and expectations which depend on trustworthiness of the social environment, secondly the capacity of information to flow through the social structure in order to provide a basis for action and thirdly the presence of norms accompanied by effective sanctions” (Coleman as quoted in National Statistics 2001: 8).

In another more integrated definition, “social capital refers to the stock of social relations, based on norms and networks of cooperation and trust, that spillover to the market and the state, to enhance collective action between formal actors and achieve improved social efficiency and growth” (Christoforou 2003: 2). In this context, social capital is a social mechanism that coordinates collective action against free rider economic behaviour, opportunism and narrow-interested calculations, in the direction of achieving collective goals of economic and social development at both national and regional geographical scales (Fukuyama 1995). Trust is the key to the notion of social capital: “the confidence that parties will work for mutual gain and refrain for opportunistic behaviour, can be an important economic asset if it can be secured” (Cooke & Morgan 2000: 30).

The role of social capital in achieving regional competitive advantage and facilitate local growth is firmly grounded on the assumption that: (1) a high-trust local social environment is an intangible asset of great developmental importance, because regional partners (firms and organizations) are able to economize on time and effort in building networks of associational action; (2) they are better equipped to cope with

uncertainty and to eliminate risk; and (3) they have a greater potential to interactive learning, innovation dissemination and tacit knowledge spillovers based on uninterrupted and thick flows of ideas among partners (Cooke & Morgan 2000: 30-1). As Iyer *et al.* (2005: 1019) assert, “the transfer of tacit knowledge is more complex requiring shared experiences and interactions, and may, therefore, need a high level of social capital to facilitate knowledge exchange, and such social capital may operate at highly localized special scales”. Cooke and Morgan (2000: 210) assert that “the milieu or institutional infrastructure of norms, rules and routine practices amongst the production community, adds to the socio-cultural and political assets available to help sustain and move forward the activities of the agglomeration. This is the environment from which advantage is supported by unlocking the learning and innovation capacity contained in social capital”.

Traditional regional growth theories point to the role of technology in achieving enhanced regional competitiveness. For instance, in the Solow-Swan growth model (Solow 1956) output is a function of physical capital, human capital, technology, and in more recent approaches, social capital. In particular, adequate stocks of social capital may facilitate the early incorporation of new product and process technologies in a regional economy, creating, therefore, a marked competitive advantage relatively to other regions with poor stocks social capital. Equally, social capital may facilitate the growth of an integrated “technological infrastructure” in a region, namely, (a) University R&D; (b) Industrial R&D; (c) networks of producer services; and (d) clusters of firms in interrelated industries (see Figure 1). To put it in other words, issues related to how technology is being used by economic actors in a region, or to how physical and human capital are being combined and utilized in the process of production, circulation and distribution of material goods and services in the regional economy, or how local firms are being interconnected to each other and to broader geographical and functional networks of associational action in the context of increasingly globalizing markets and technologies, are issues directly or indirectly related to the stock of social capital in the region.

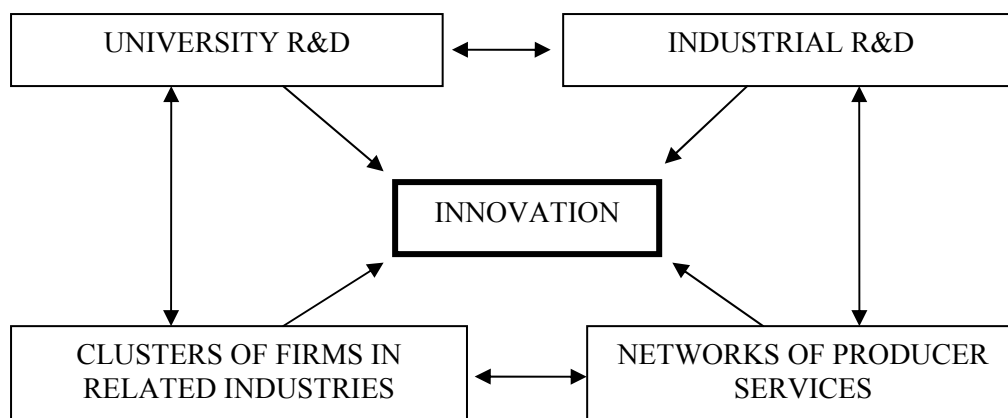


Figure 1. The technological infrastructure of a social capital- based innovative region (Source: Based on Feldman 1994: ch. 4).

It should be stressed here that it is not only or solely civil society the sphere in which social capital grows and functions: it is also the public sphere (state and government)

that matters in terms of social capital. The role of state and government in enhancing or hindering the accumulation of social capital has been highlighted in literature (Tsobanoglou 2006: 4-5). Trust in government and the state generates broader interpersonal trust, and minimizes the negative effects of narrow-interested calculations; this trust is achieved “through rules and institutions which ensure transparency, fairness and credibility of government actors” (Christoforou 2003: 6). On the other hand, it is argued that mistrust of government and organized policy groups, hinder the motives of collective action, feed atomocentricism, opportunism and free riderism, and hence hinder the accumulation of social capital. By the same token, state-society synergies at the regional and local levels, may promote social capital accumulation even in environments characterized by social divergence and conflict (ibid.: 7). Social capital is not the feature of an egalitarian “society of angels”. Capitalism, by and large, is a conflict-based society, hence the concept of social capital can only be interpreted and analyzed in a context of conflict and power relations. However, state can play a crucial role in fostering social capital by a number of public policy measures such as, for instance (Tsobanoglou 2006: 4-5): (a) planning and providing facilities of collective consumption in cities and regions (e.g. transport and welfare facilities –education, health, cultural etc); (b) providing public goods (e.g. public safety and social security). As it is asserted, “the state needs to govern social dangers or risks such as poverty, accidents, drugs and alcohol, unemployment, disability, exclusion, immigration (foreigners) while safeguarding the rules of social and legal exchange” (ibid.: 5). We can add to the above list, one more crucial public policy field through which the state can positively affect social capital: the field of spatial planning –a field that in the case of Greece calls for more serious attempts to cope with, as we will see in the next section.

Our basic hypothesis is that the social capital approach can offer a sound theoretical framework for an analysis of the problems of local development in rural Greek areas, but only throughout the adoption of a reverse theoretical optic: More precisely, in the following pages we will try to show that in the less developed Greek rural areas, historically developed social attitudes/values constitute powerful “counter-social capital” forces that impede local socio-economic development and reproduce these areas’ backwardness and marginalization. The term “counter-social capital” connotes that it is not simply the *lack* of social capital the “missing factor” in the development process of Greek rural areas; it is rather the *existence* of social attitudes (e.g. free-riderism and opportunism) which contradict the very foundations of social capital, namely networking practices based on trust and reciprocity.

In the above context, this paper argues that the lack of efficient local spatial planning reinforces the counter-social capital dynamic in that the unplanned distribution of activities in rural space leads to local civic tensions and land-use related conflicts that are adverse to the sense of community, solidarity and collective commitment for the attainment of common objectives. It is well documented that planning, apart from being a means for guiding change, is on the same time a learning process (Douglass & Friedmann, eds. 1998) –a process through which local civil society learns to abide by common rules, to co-ordinate diverging individual choices and to undertake innovative and long-term action towards solving complex local development and land-use

problems.⁵ Missing or inefficient planning is equivalent to lack or ill-developed common values and innovative spirit, which might enforce an already existing counter-social capital culture at the local level.

In particular, we will try to show that the counter-social capital forces operating at the local level can be attributed to: (a) lack of efficient spatial planning which feeds a chaotic pattern in the spatial distribution of economic activity leading to serious land-use related conflict that undermines community spirit and collaborative culture within local socio-economic actors; (b) lack of productive dynamism of local manufacturing firms (mostly SMEs) that is attributed to persisting “free rider” behaviour contradicting the culture of networking, trust and reciprocity; (c) lack of innovative orientation and predominance of traditional attitudes towards production modernization initiatives. The above issues will be examined in the following section.

3. Counter-social capital impediments of local development in rural Greek areas

3.1. The development of Greek rural space and its basic characteristics

During the last decades the Greek economy underwent substantial change. The entrance of Greece as a full member in the European Communities - now European Union - in 1981 marked a critical turning point in the post-war development process (Kazakos 1991, 1994). The impacts of the world economic recession of the 1970s/1980s along with this entrance have created a much demanding broader economic environment in which Greek firms have been forced to adapt and operate. The past weaknesses of the Greek economy were immensely magnified and the “gap” between “winners” and “losers” was suddenly broadened (Ioakeimoglou 1997). A new economic and geographical pattern was created: A thin layer of export-oriented modern firms on the one hand undertaking “offensive restructuring” strategies and facing international competition successfully (located mainly in Athens and other large urban centres), and a majority of domestically-oriented traditional firms on the other (located mainly in less developed peripheral areas and small urban centres) undertaking “defensive restructuring” strategies and failing to participate successfully in the international markets. The first group succeeded in introducing new productivity increasing technologies and re-organization strategies so as to produce high value-added and high demand quality products, while the second and major group followed the familiar and less risk-taking path; that is, reliance upon cheaper factors, intensification of labour exploitation and violation of relevant work legislation (Ioakeimoglou 1997: 15, 62-64).

Relocation of firms from high-cost urban centres into cheaper-factors peripheral rural areas has been part of that “defensive restructuring” strategy. As far as the large manufacturing companies were entering crisis during the mid 1970s-1980s (Leontidou 1983, 1990, chap. 5; PERPA 1985; Kourliouros 1995: chap. 3), relocation / decentralization strategies gained in importance aiming at reducing direct costs by: (i)

⁵ Even in an era of increased individualism, strict market capitalism and abolition of the welfare state’s regulatory mechanisms, there is no even one case of country or region that succeeded in the “race” of economic development without adopting the one or the other form of planning intervention in conjunction with the free market forces (Giannitsis ed., 1993: 9-10).

relocating from large urban centres in cheaper-factor rural areas (informal and/or seasonal non-unionized labour, cheap land), (ii) benefiting from regional incentives and (iii) avoiding diseconomies of scale and other negative externalities at the large urban areas. A wave of productive decentralization and diffused industrialization during the 1980s (Hadjimichalis and Vaiou 1987, 1990) has caused a marked transformation of the highly polarized economic geography of Greece (Athens-vs-rest of the country) into a more complex picture. Industrial data on a prefectural scale show that it is mostly the peripheral prefectures that increased their gross industrial product at rates above the national average during 1981-91 (Kourliouros 1995). Manufacturing employment growth at rates above the national average were also remarked in most peripheral areas in the period 1978-88. In 1991, productivity of labour in industry presented a rather decentralized pattern (*ibid.*). There is no evidence suggesting that this pattern has changed considerably in the recent period.

In some successful cases, diffused industrialization was combined with other forms of economic activity, e.g. agriculture and tourism (Hadjimichalis 1987, 1993; Leontidou 1988) to produce zones of multiple work opportunities and income earnings. Agricultural restructuring initiatives, although on a restricted scale (Moisidis 1986), included: (i) increased mechanization, intensification and diversification of production, (ii) increased commercialization of products, (iii) remarkable shift from traditional to new high demand products (iv) increased labour productivity etc. The driving force underlying agricultural restructuring was the Common Agricultural Policy (C.A.P.) in that it supported local incomes and contributed to the improvement of living conditions at many rural areas (Maravegias 1990). Most peripheral and island areas were favoured by such developments and managed to increase their gross agricultural product at rates above the national average in 1981-1991. These positive developments, however, were countered by persisting structural problems like: (i) the small size and spatial segmentation of holdings, (ii) the lack of information and skill in the use of mechanical equipment and chemical fertilizers, (iii) the lack of appropriate “hard” infrastructure -especially irrigation works (Moisidis 1986: 57-60), (iv) the lack of reform of existing land property rights hindering the growth of farm size (EC 1995: 20) and (v) the lack of innovative local climate and dynamic institutions capable of acting as “catalysts” in local economic processes (as we will see later on in this paper). These problems are significantly magnified in remote rural areas faced, additionally, with natural fragmentation, transport accessibility difficulties and aging populations (EC 1995).

Many agricultural localities, situated especially in coastal or island areas, have also witnessed a marked development of tourism and an associated rise of commercial and building activity (Leontidou 1988; Tsartas 1991; Tsartas *et al*, 1995). Statistical evidence suggests that apart from the islands with the traditional “4 S” (Sun-Sea-Sand-Sex) mass tourism, new tourist areas have started to emerge. These areas combine zones of traditional tourism with interesting natural landscapes and historical monuments and settlements, and might be indicative of a shift towards new forms of quality and high-income tourism (eco-tourism, archaeological and scientific tourism, etc). As special studies and reports have revealed (see Tsartas 1991; Tsartas *et al*, 1995; Labour Institute Copy-books, 1995: 37 ff.) the seasonal nature of agricultural work has made possible the emergence of multiple forms of employment -or pluriactivity- at various areas of the Greek rural space in activities directly or indirectly linked to the tourist sector. Increasing employment opportunities in such rural areas along with the

rising costs and bad living conditions in the large congested urban centres, have intercepted rural de-population which was the dominant trend in the 1950s and 1960s and have caused a relative stabilization and/or slight increase of rural populations.

All previous evidence points to a fundamental fact: The past spatial polarization between the large urban-industrial centres on the one hand (mainly Athens and Thessaloniki), and the rest of Greek rural territory on the other, has given place to a much more complex economic-geographical structure. What we used for decades to label as “rural space” and to connote natural landscapes surrounding agricultural cultivations and scattered picturesque villages, does not exist any more in most Greek rural areas. Rural space in contemporary Greece is an extremely complex product of human economic activity and interaction which has not been studied adequately yet from a geographical and planning point of view. Peasant settlements coexist with small and medium-sized urban centres and extended zones of diffused housing -especially along seashores, major transport axes, zones of natural beauty and other areas of existing or potential tourist development. Manufacturing activities coexist with agricultural, tourist, and housing ones in endless combinations, degrees of population density and overlapping land-use zones which “produce” an unbelievably perplexed and mixed mosaic that has left deep and permanent “imprints” upon natural landscapes, sensitive ecosystems and historical sites. The lack of a national land registry system and the long-lasting landownership-related juridical differences between citizens, the church, the local authorities and various public organizations, have added lots of problems in the already perplexed rural geographical “icon”. In that context, a number of crucial questions are raised: How spatial planning responds to the complex pressures exercised upon rural localities? What types of planning instruments have been used so far and how effectively have they contributed to the spatial organization of activities in rural areas? Finally, to what extent planning deficiencies have contributed to the growth of counter-social capital features in those areas? These issues will be addressed in the next sub-section.

3.2. The deficiencies of local spatial planning

The answer to the above questions can be traced back to the historical origins of planning in Greece and in the inability or unwillingness of governments to modernize it due to “political cost” considerations. It has been argued that the local planning system in Greece has been organized (based on 1923 legislation) upon the simplistic and naive dichotomy between areas “within city-plan” and areas “outside city-plan” (Wassenhoven 1984a, 1995). This legislation, first and foremost, reflected urbanization pressures caused by the inflow of refugees after the Minor Asia disaster, but it also was in accord with later urbanization-industrialization trends: Since post-war industrialization and economic development was mostly city-oriented (Wassenhoven 1980, 1984; Stathakis 1983; Kafkalas 1985), areas “within city-plan” received the lion’s share in governments’ concerns.⁶ By contrast, rural areas, with all their variety and complexity, as we saw in the previous sub-section, were simply labelled as areas

⁶ This does not mean that the growth and internal organization of urban areas was guided by comprehensive master plans as in advanced countries. However, each urban area of the country had a ratified “City Plan” (*Schedio Polis* in Greek) (Aravantinos 1997: chap. 9) which was a simple street lay-out map setting on the ground the boundaries between private plots and public spaces, and dividing the urban area into sectors and corresponding building regulations and other technical details.

“outside city-plan” without any further differentiation or special spatial policy treatment as their complex economic geographical structure imposed. Rural areas, therefore, were for long deliberately detached from state’s planning concerns in any comprehensively organized manner.

During the 1980s, under the Socialists’ regime, some major reform attempts regarding the Greek spatial planning system took place. A new planning rhetoric incorporating high-sounding (and ideology-burden) terms such as “citizens’ participation in decision-making”, “self-sustained development”, “democratic planning” etc (see MNE 1983) was giving the impression that a planning revolution was actually taking place. At the urban scale, the Law 1337/83 formed the legislative framework for urban reorganization, development and planning. Under L.1337/83 provisions, much more sophisticated urban plans and programs ranging from the broader metropolitan to the local scales of urban neighbourhoods were drafted and ratified by Presidential Decrees.⁷

Spatial planning initiatives were also undertaken during the 1980s aiming at the rational distribution and development of populations and activities in rural spaces and localities. However, these initiatives remained largely hesitant, dithering and incomplete. The most important of them were the following: (a) The “prefectures’ regional land use plans” (*Chorotaxika Schedia Nomon* in Greek) carried out by the Ministry of Environment Spatial Planning and Public Works, had indicative character without imposing concrete land-use control and implementation mechanisms. With reference to those plans, co-ordination problems between the economic, regional and urban levels have been reported (Wassenhoven 1995: 13) and finally they were abandoned in practice. (b) The “open cities” initiative (*Anoichtes Poleis* in Greek), aimed at organizing and uniting separate rural communes and settlements into broader functional spatial entities providing basic infrastructure and services to local populations (MESP 1984: 24-25; Agelidis 1991: 180-183). The Ministry of Environment Spatial Planning and Public Works defined and mapped 555 such spatial entities (“open cities”) covering a total population of about 5.5 million (Agelidis 1991: 182). The initiative, presupposed the voluntary merging of small local authorities (at the level of separate settlements) into broader and much more effective administrative units (at the “open cities” level). Relevant legislative measures were issued in order to support and enforce the “open cities” initiative.⁸ However, these legislative reforms were not met with much enthusiasm by the majority of rural local authorities that believed “merging” would restrict their autonomy. Just like the regional land-use plans, the initiative was abandoned in practice. On the other hand, L. 2218/94 provided for the creation of elected broader administrative bodies (area councils -*Symvoulia Periochis* in Greek), which, however, raised confusion regarding their relation to the “development

⁷ Athens and Thessaloniki metropolitan areas were covered by comprehensive “Structure Plans” (*Rythmistika Schedia* in Greek). Single urban municipalities were covered by “General Urban Plans” (*Genika Poleodomika Schedia -GPS* in Greek) followed-up by more detailed plans (*Poleodomikes Meletes and Meletes Efarmogis* in Greek).

⁸ The most important of them were the following: (i) L. 1416/84 provided for the creation of “development leagues” between local authorities (*Anaptyxiakoi Syndesmoi* in Greek) in order to support co-ordinated action at broader spatial scales. (ii) L. 1622/86 on “Local Authorities, Regional Development and Democratic Planning” (MoI 1986) gave a fresh “push” to the merging initiative. According to L. 1622/86, article 15, the broader administrative units would have increased responsibilities in carrying out local development plans (*Topika Anaptyxiaka Schedia* in Greek) and in financing relevant economic and social infrastructure works.

leagues” and the sharing of responsibilities between them (Beriatos 1993: 12-13). A governmental initiative (MoI 1997) under the heading: “Ioannis Kapodistrias plan”, has raised the issue again, but this time the merging was obligatory. Once again, the initiative has raised serious local resistance and diverging views within the country’s political spectrum. (c). The “Special Planning Studies” (*Eidikes Chorotaxikes Meletes* in Greek), carried out in late 1980s-early 1990s under various EU initiatives⁹, have tried to remove the previous problems. The areas, however, that these studies covered were geographically restricted (island, coastal and environmentally sensitive ones) (Wassenhoven 1995: 13; Avgerinou-Kolonia 1996: 85-89) –areas which represented a very small percentage of the total Greek rural territory. Moreover, the studies’ proposals relating to land-use zoning controls and implementation mechanisms were blocked by local coalitions led by landed interests which –through political pressure and patron/client networks– managed to cancel their ratification by Presidential Decrees (Economou 1995: 5). Furthermore, these studies were burdened with various other problems such as (Avgerinou-Kolonia 1996: 89): lack of specific policy orientation for the development of various economic sectors (e.g. industry, tourism); lack of codified data that could support comparative analyses and assessment of trends; lack of appropriate participatory processes and consensus among local authorities. (d) The “Zones of Development Control” (*ZOE* in Greek) introduced by L. 1337/83 article 29 (see Christophilopoulos 1990: 190-191), remained the only “practical tool” available for imposing some restrictions upon spontaneous sprawl of activities in rural areas. *ZOE* restrictions were obligatory for both public and private actors but lacked appropriate co-ordination between the “general” spatial development level and the “concrete” level of settlements (*ibid.*: 191). Furthermore, they were not accompanied by concrete implementation and monitoring bodies (Economou 1995). Just like the Special Planning Studies initiative, their ratification by Presidential Decrees was in most cases cancelled by powerful local landed interests and property coalitions.

A legislative reform of the framework for spatial planning and sustainable development ratified in 1999 (L. 2742/99), introduced a series of rather marginal changes to the existing planning legislation and practice –L. 360/76 (Economou 2002: 120). The planning means remained the same (albeit in a different phraseology).¹⁰ The instruments for the implementation of planning were a re-grouping (and re-naming) of previous scattered instruments including: “Areas of Organized Development of Production Activities” (*POAPD* in Greek), “Areas of Special Spatial Interventions” (*PECHP* in Greek), and “Plans of Integrated Urban Interventions” (*SOAP* in Greek). The administrative processes for the approval of regional and special plans in the new legislative context remained centralized (top-down model) and the implementation of plans “on the ground” was ridden with the same problems and deficiencies as the previous planning initiatives examined above.

⁹ The first “generation” of “Special Planning Studies” was carried out in the context of the “Integrated Mediterranean Programs”. The second “generation” was carried out either in the context of the “Envireg program” or in the context of the Ist Community Support Framework (Avgerinou-Kolonia 1996: 88-89).

¹⁰ These means are: (a) general framework for spatial planning and sustainable development (instead of the previous “national spatial plan and program”); (b) regional frameworks for spatial planning and sustainable development (instead of the previous “regional spatial plans and programs” and (c) special frameworks for spatial planning and sustainable development (instead of the previous “special spatial plans and programs”)

Various sectoral policies and legislative measures have indirect effects of varying intensity upon rural localities: First, regional incentives and industrial estates (Konsolas 1970; Konsolas *et al.* 1985; Vliamos 1988; Magana-Kakaounaki 1991; Vliamos *et al.*, 1992; Kourliouros 1995) have played a rather limited role in channelling the flow of industrial investments into rural regions; they rather reinforced the already existing industrial location trends (Kourliouros 1995: 146-169). Furthermore, due to their macroscopic nature they lacked concrete spatial dimension (Wassenhoven 1993: 3). Second, infrastructure provision (especially transport infrastructure) has played a much more important role than incentive policies and industrial estates in channelling investments into less developed rural areas (Petraikos *et al.* 1993: 83-84). However, the spatial distribution of transport infrastructure was not the result of strategic development planning (CPER 1976: 21); it was rather the result of spontaneous urbanization pressures and of the possibilities/restrictions posed by existing infrastructure. The contribution, therefore, of transport networks to the development of rural space was rather selective in that it favoured certain areas at the expense of others creating varying degrees of centrality/peripherality relationships (see also EC 1994: 65-68 for a broader analysis). Third, tourism investments were encouraged or discouraged by a system of regional incentives. Just like industrial incentives, they had a macroscopic orientation lacking concrete spatial dimension. Measures undertaken during the 1980s for disappointing further investments in overcrowded tourist areas have been removed (Wassenhoven 1993: 3) and relating activities kept on concentrating along already congested tourist zones. This continuing concentration resulted in extended environmental degradation of such areas (Avgerinou-Kolonia 1996: 45) that undermined their comparative advantage on the long-term and led to the kind of a counter-sustainable model of local tourism development. Fourth, the Environmental Law (L. 1650/86), enforced along EU guidelines¹¹, was a positive governmental effort towards imposing development controls in rural areas under environmental protection criteria. The notion of “environment” was broadened to include not only natural landscapes but human-made ones as well (article 2). Activities and works should be monitored according to the degree of their potential impacts upon the environment (article 3) and environmental impact assessment studies for any project or initiative of the public and/or private sectors were required.¹² Industrial, agricultural, mining-quarrying, tourist, commercial etc. investments and works should be subject to environmental and location controls before given implementation permission (approval of environmental conditions and approval of site selection) (article 4). Zones for the development of productive activities (*ZAPD* in Greek) would be mapped and listed as such by Presidential Decrees. Building and other development restrictions within those zones would be imposed (article 24). However, there was not clear how these zones would relate to other productive areas (i.e. industrial estates, zones of existing activities, etc.) and to the settlement system; there was no any connection with broader regional development and land-use frameworks, infrastructure programs, incentive areas etc. The measures remained piecemeal, lacking complementarity and the ratification of the development control zones (*ZAPD*) was frozen in practice. Fifth, legislative measures

¹¹ Two very important EC directives (84/360/28-7-1984, and 85/337/27-6-1985) were related to the assessment of environmental impacts of various works and activities in space.

¹² A ministerial circular (no 69269/5387 -see *Official Gazette* 678B/25-10-1990) issued along the Environmental Law lines, provided some details about: (i) the classification of various works and activities in categories according to their potential impacts upon the environment, (ii) the content of the “environmental impacts studies”, (iii) the procedures regarding the approval of “environmental conditions” and “site selection” for any work or activity in space and other related issues.

regarding the protection of archaeological sites and forested zones (Getimis & Economou 1992: 30-31) have been relatively successful in controlling spontaneous land-use configurations in rural space. However, a large amount of dispersed archaeological sites have not yet been subject to specific protection legislation and building controls in them are less rigid. Forest zones, on the other hand, are subject to continuous pressures aiming at changing their legal status. Extended forest fires set during the warm and windy summer days and the lack of a national land registry system are the two sides of the same coin: The effort of land-based interests to appropriate public lands for agricultural, tourism and housing development purposes (Kourliouros 1995: 83).

All above problems are being maintained and reproduced by two major deficiencies of the Greek administrative system: The first deficiency is the striking lack of coordination between Ministries' responsibilities (actions, programs, legislature etc) having explicit or implicit impacts upon geographical organization of rural space. Planning responsibilities have been "historically" split between the "economic" and the "physical" aspect represented by two Ministries (Ministry of Economy and Ministry of the Environment, Spatial Planning and Public Works, respectively). These two very important administrative bodies not only have no actual collaborative links (Wassenhoven 1993: 8), but, most importantly, exhibit a camouflaged (and in some cases open) hostility to each other. Even within the Ministry of Environment, the Department of Public Works tends to set forth and impose its own projects without taking into account the other Ministry Departments' priorities (*ibid.*). The same mismatch is being remarked between other governmental bodies with explicit or implicit spatial responsibilities like e.g. the Ministry of Agriculture, the Ministry of Tourism, the Ministry of Transport, the Ministry of Development and so forth. The second deficiency relates to the fact that the Greek administrative system was, and continues to be nowadays, highly centralized despite recent devolution attempts (EC 1994: 151; Newman & Thornley 1996: 57-60). Local initiatives and plans should first be approved by central government in order to be enforced. On the other hand, central governments' priorities were in most cases driven by political calculations and various macro-forces (being permanently in flux), and not by the specific problems rural areas were confronted with. Local development initiatives had to cope with an inflexible state bureaucracy (Mouzelis 1990). Local and prefectural authorities had neither the economic means nor the legislative responsibility to provide services and infrastructure in order to support local development initiatives; they operated rather as local "carriers" in transmitting and supervising the implementation of centrally made decisions (Christophilopoulou 1996). The collective organizations established at various rural areas (e.g. agricultural co-operatives) operated rather as means of promoting party politics and ideology at the local levels, than as broader institutions aiming at strategic priorities towards endogenous local development. Within that context, a widespread climate of disbelief and mistrust has been built and is currently reproduced within the State-Citizenship structure of relationships (Mouzelis 1978a, 1990; Wassenhoven 1984a; Haralabis 1989; Demertzis 1990; Kazakos 1991; Kioukias 1994; Kourliouros 1995). This climate has a twin negative effect: On the one hand it averts governments and government-supervised organizations from implementing plans and programs under the fear of "political cost", and on the other it averts citizens from accepting collective objectives, common norms and collaborative learning by driving them to atomocentric, or "free rider" behaviour (Tsoucalas 1993) –hence to counter-social capital cultural structures.

In the absence of comprehensive and effective planning mechanisms, the geographical organization of rural areas in Greece is governed by an unbelievably fragmented and contradictory nexus of piecemeal statutes, building regulations and special amendments, not properly codified till nowadays (Wassenhoven 1995: 12). These piecemeal building regulations and statutes relate to the minimum plot size and other technical details without any connection to broader economic priorities or land-use development schemes in the respective local areas.¹³ The common practice followed is that landowners - assisted by Survey Engineers - acquire a street lay-out and plot subdivision map for their land and allot the streets to the local commune so as to get the status of public transport axes and to be able to sell their plots for building purposes. It is therefore apparent that the land-use structure in rural areas is determined by conjunctural fluctuations in demand for the one or the other use, and not by a strategic land development scheme or a broader economic program -hence the tremendous lack of even the slightest hierarchization and internal organization of activities across rural areas.

This type of piecemeal regulations approach, apart from being quite inadequate in coping with an increasingly complex rural socio-economic development structure, is on the same time responsible for the maintenance and reproduction of the problems that Greek rural areas face. More specifically, the uncontrollable sprawl of activities in rural space has led to the emergence of serious structural problems associated with: an unreasonable waste of land reservoirs that undermines the territorial base of future generations (counter-sustainable development); lack of infrastructure and concomitant environmental degradation due to intensive agricultural, tourism and housing activities (Coccosis 1994: 385-388); excessive pressures upon sensitive ecosystems and areas of historical significance or of special natural beauty; increased congestion of population and activities in certain rural sub-zones especially along seashores; aesthetic degradation of the broader landscape.

At this point, it should be underlined emphatically that the most important problem, is that the above deficiencies of planning in rural Greek areas have led to serious land-use conflict that undermines the growth of local community spirit, feeds numerous atomocentric (or “free rider”) attitudes in the location of economic activities and hinders the development of collaborative culture and network linkages that could potentially form the seeds of a locally embedded social capital.

In the above context, public planning deficiencies (developed centrally and spread locally in a “top-down” fashion) co-exist with -and reinforce- the counter-social capital impediments of local development springing from “below” (within the local civil society). The later issue will be addressed in some more detail in the following section of this paper.

¹³ The only restrictions imposed upon private landownership-building developments are: (a) the plot size should be at least 4,000 sq. meters in order to be given building permission by the local planning authority, and (b) the plot should adjoin a public transport axis. In such a plot could be built: (i) 200 sq.m. of floorspace for residential uses, or (ii) 800 sq.m. of floorspace for tourist uses, or (iii) 3,600 sq.m. for industrial uses (Getimis & Economou 1992: 27).

3.3. Counter-social capital features of economic actors in rural communities

Our research carried out during the last decade, has focused upon the developmental characteristics and problems facing several rural localities in Greece. Experience gained through that research reveals that there seems to be a close relationship between local planning deficiencies on the one hand (as defined in the previous subsection) and a counter-social capital culture at the local level on the other. Lack of local information, predominance of traditional patron-client relations and widespread mistrust of authority complete the “social map” of many problem rural areas.

Our research revealed that such problems, in particular, refer to: (a) lack of interest of local SMEs in introducing new technologies in production; (b) lack of awareness about the development of entrepreneurial climate and of other local resources as a precondition for productivity increases; (c) lack of interest in developing network forms of collaboration among local production units as a means of deepening production specialization and reducing individual costs and risks; (d) lack of an organized supportive local institutional framework. Our research focused on the developmental problems of a rural area in the region of Western Greece (NTUA 1997).¹⁴ Methodologically it was based upon a combination of extensive quantitative research (based on questionnaires and statistical generalizations)¹⁵ and intensive qualitative research (based on in-depth interviews with key-actors of the area such as local authorities’ representatives, firms’ owners and other professionals).¹⁶ The research was carried-out in the context of the preparation of a local development plan funded by the area’s council of local authorities (*symvoulio periochis* in Greek). The surveyed area had a total population of about 11,100 inhabitants the majority of which were employed in agricultural activities. In the survey time (1995-1997) the manufacturing activities in their vast majority (78.4%) were concentrated to the major urban zone of the area. However, as it was revealed, the area’s manufacturing base was fragile, lacking internal dynamism and presenting major viability problems. More precisely the research findings are, in brief, the following:

1. The manufacturing units belonged to the traditional branches -e.g. foodstuff (mainly cheese-making), wood and furniture, non-metallic minerals, metal products, car-repair, etc. The majority of units (68.1%) produced for the local market, which, however, presented marked shrinkage. The vast majority of the area’s units (91.5%) employed 1-5 persons (probably the owner and some assisting family members). The small size of units made therefore impossible the development of any considerable economies of scale capable of “pulling” complementary production activities in the area, which, moreover, offered favourable regional incentives.

2. The manufacturing base of the area had been “product” of an endogenous (albeit restricted) process: Only 6.4% of the area’s units had relocated from other Greek areas.

¹⁴ The survey area is situated along the southern shore of Amvrakikos gulf, and includes the town of Vonitsa as well as 8 other smaller rural settlements.

¹⁵ The questionnaires were completed by almost 50% of the whole area’s manufacturing units.

¹⁶ See Sayer (1984) for an analysis of extensive-vs-intensive research in social sciences.

3. The intra-firm technical and organizational division of labour was not developed to any considerable extent: All manufacturing operations were taking place under a single roof; only 6.4% of the area's units had spatially differentiated operations (mainly production-distribution operations).

4. Production specialization was not developed in the area and networking procedures were totally missing. Each unit was a small "independent" productive entity ("stand-alone" or "free-rider" firm) from start to end of the process. Only 2 firms reported that they had a form of collaboration with others (sub-contracting linkages). It was revealed that although the "nature" of production in certain industries made technically possible the fragmentation and externalization of various phases in the production chain, and hence the development of network forms of inter-firm relations, the manufacturers hesitated to do so, because there seems to be "no real trust between producers" and because "intense competition from low-cost Asian countries has made local producers extremely sceptical, conservative and reluctant to undertake any kind of collaborations" (in-depth interviews with manufacturers).

5. Due to its market-oriented nature, production followed the seasonal fluctuations of demand. During summertime, for instance, demand upturns due to tourism imposed pressures on production volume (especially in food-processing units). The production increases were not accomplished by remunerating additional workforce, but by intensifying the existing one.

6. A considerable part of the area's units reported increasing production volume at the average during the last 5 years, which, however, did not lead to increasing profitability. This "mismatch" was reported to be the outcome of: (a) increasing production costs; (b) inability of units to increase productivity by incorporating technological improvements and innovations in production and (c) inability of units to find new markets for their products. The previous characteristics were reflected on the units' profitability scale which presented a marked polarization between a majority of units (65.2%) with net profits not exceeding the average family income of a couple of private sector clerks, and a very slim layer of much more profitable units. That the majority of units were still able to survive under such circumstances can be explained by: (a) the extended informal economy -e.g. not submission of real incomes to the tax service, avoidance of VAT payments, overvaluation of purchased inputs / undervaluation of sales (in-depth interview with an official of the local tax service); (b) the use of unskilled cheap labour and/or unpaid family labour; (c) the fact that the majority of units' buildings were owner-occupied, hence they had no rental payment obligations.

7. The lack of entrepreneurial mentality and a widespread reluctance for risk-taking is one of the most striking characteristics of the area's units. During the last 5 years only 29.8% of them undertook modernization initiatives of the one kind or the other. (e.g. purchase of new improved mechanical equipment, improvement of buildings, introduction of informatics in administrative operations, etc.). The majority of those initiatives were self-financed –a fact associated with a prevailing lack of local information regarding the funding opportunities provided by various public and EU resources (for an analogous case see Leontidou, 1993). The predominance of traditional production mentalities and the lack of entrepreneurialism and risk-taking are also corroborated by the fact that the great majority of manufacturers views productivity increase as dependent upon a set of old-fashioned methods, e.g. rise of demand, easier accessibility

to financial resources and expansion of units' floorspace. By contrast, qualitative and modern productivity-increasing factors like "gray-matter" inputs and technological improvements in production, interactive learning, skilled labour and more efficient management, development of synergies and networks, etc., do not seem to play any significant role in local producers' considerations.

8. A major barrier to production modernization is the inability of local manufacturers to build some forms of collective action so as to be able to face more effectively the general economic recession and the associated demand instability. The negative effects of "free rider" entrepreneurial behaviours were especially evident in the cheese-making business. As it was reported in various interviews with local producers, the shrinkage of demand brought about individual cost reduction strategies in raw material provision: The emergence of low cost substitutes in the market¹⁷ created problems of selling quality local cheese products at competitive prices. The small size of units and the lack of synergies among them, makes practically impossible the emergence of considerable external economies that could contribute to the reduction of individual producer costs. On the other hand, local market is not large enough to sustain effectively the area's cheese making businesses. This merely means that the economic viability of units is almost exclusively dependent on their ability to enter broader national and/or international markets with quality products -which presupposes some form of collective technical and marketing effort. A few separate cheese-producers have indeed tried to expand their market areas. However, as it was reported, time-lags in information prevent local producers from assessing demand opportunities that emerge eventually, especially in large markets abroad. The few ones benefiting from such eventual demand increases, are those having established "information connections" with political intermediaries and/or large export companies.

9. Demand instability and lack of co-operation have reduced the ability of local cheese-making businesses to resist monopolistic pressures imposed by large nationwide companies upon the market. For instance, a couple of large cheese-dairies (branch-plants) located in an adjacent region, have managed to put under control the sources of raw material and to create an "artificial exclusion" of local cheese producers from suppliers by purchasing large quantities of raw material at much higher prices. Lower production costs due to modern technological equipment and process-standardization, internal economies of scale and larger market areas, enabled those companies to compensate for the higher cost of raw material and to sell in much more competitive prices. As a local cheese producer - who has recently started to shift his activities in the more profitable building business - has put it: "I have been producing and selling cheese and other milk products for years. But nowadays, I do not know whether I am going to sell those products or they are going to sell me" (in-depth interview).

10. One should expect that the banking system in a less developed rural area is a dynamic force disseminating innovative entrepreneurial ideas and encouraging local development initiatives. Unfortunately, this is not so in our case area. Considerable problems have been reported regarding the lack of appropriate information and assis-

¹⁷ Milk in powder form or illegally imported milk from Balkan countries (in-depth interviews).

tance to producers by the local banking system (in-depth interview with a local wood/furniture manufacturer). The complex paperwork and bureaucratic procedures needed for getting a bank loan, discourage producers which, in their great majority, are simple people without any special prior experience or knowledge in getting effectively through the labyrinth of the Greek credit bureaucracy (see Leontidou 1993 for similar experiences in other areas). As it was reported, a major problem is that the directors of local banks have rather a “savings-oriented mentality” than an investment-oriented one. Instead of encouraging firms to undertake productive investments, of providing adequate information on new market opportunities, etc., they discourage them in practice by raising additional bureaucratic obstacles to the already existing ones. Problems associated with bank financing of export activities were also reported: it was stated that local banking officials do not have the appropriate knowledge and information needed for that purpose. As a result, the few exporting firms have to carry-out the whole procedure by themselves, which, as a matter of fact, increases costs and multiplies feelings of uncertainty and excessive risk-taking. In the view of a local key-person, the area’s banks still have no idea of what “leasing financing” is all about (in-depth interview with a local key-person).

11. There are also problems related to manufacturing units whose outputs form inputs to the building industry (e.g. wood, metal products, non-metallic minerals). The large number of various taxes imposed upon landed property (FMS 1993: ch. 5), have drastically reduced demand for new dwellings, causing therefore a marked demand shrinkage in linked manufacturing units. As it was reported, a large work that during the survey was still in progress in the broader area (the underwater bridge connecting Aktio to the city of Preveza) was expected to stimulate housing growth in the wider area and hence to revive building activity. Some manufacturers expect that initiatives aimed at tourism development in the broader area would stimulate building business, while others expect that the provision of cheaper housing loans is going to have positive effects upon demand for building materials.

12. It is not surprising, therefore, that the majority of local manufactures believe that a likely regeneration of the local production system depends exclusively on the creation of favourable “external” conditions like e.g. market revitalization, tourism development and building boom in the area, state financial support, etc. The state continues to be regarded as the “magic hand” throwing increments of “development” from above to the bottom. There seems to be a tremendous lack of firms’ self-awareness, flexibility and adaptation. No one seems to be aware that the expansion of units’ markets, hence profitability increases, presuppose generous productivity and competitiveness increases which could only be accomplished by means of: (a) technological modernization/ rationalization initiatives, (b) building of co-operative forms of action (synergies-networking), and (c) creation of an appropriate institutional, technical and informational framework for the support, quality control and marketing of local production.

The preceding evidence makes clear that the generic cause of the surveyed area’s developmental problems lies within the predominance of socio-cultural values and attitudes which are explicitly or implicitly hostile towards innovative forms of economic organization, information dissemination and collective action towards common aims. It was reported (in-depth interviews) that various collective organizations which had been formally established (e.g. agricultural cooperatives, cultural institutions, etc.)

and which could have played an important role in encouraging local partnerships, innovative and collective action, do not operate collectively in practice because they have been invaded and manipulated by party micro-politics, hence collective attitudes and interests have been substituted by party calculation and political division. It was also reported that economic recession and demand instability avert young people from getting involved into businesses on a relatively permanent basis; they rather prefer to get involved in various seasonal forms of employment (especially in tourism and building activities). Other, more pessimistic views, assert that there exists a general climate of immobility and passivity in the area stemming from the way central governments have treated rural areas for decades. The few intellectuals of the area, have been bored of “shadow-fighting” for years, and have now become part of the prevailing system of passivity (in-depth interviews). Other, more optimistic views, assert that there are still innovative local actors which could form a “critical mass” triggering off local economic regeneration and dynamism. The formation of that “critical mass”, however, is countered by the ongoing demand instability, the lack of appropriate information and the inadequate local support institutions (in-depth interviews).

4. Conclusions

Although analysis and research evidence presented in this paper cannot be generalized, it is hoped that they gave a rough account of some major problems the less developed Greek rural areas face. It was argued that in those areas,

- lack of efficient planning response to an increasingly problem-prone rural land use structure, averts local people from “learning” to abide by collective goals and values, hindering therefore any potentiality of social capital formation,
- which in turn creates a widespread climate encouraging “free rider” entrepreneurial behaviours that magnify the existing problems of the local production system,
- which are further intensified by inflexible and indifferent local bureaucracies, lack of adequate information and support institutions that pose serious problems in innovative action and hinder endogenous local development,
- which is the only viable alternative for reversing the ongoing marginalization of the less developed rural areas and for the rational management of their resources.

The preceding analysis should have made evident that the problems of the Greek less developed rural areas, are locked into a double deadlock: on the one hand they are “products” of inadequate public planning policies, and on the other they are “products” of counter-social capital characteristics of the local societies which hinder their economic regeneration and development. These two spheres are inextricably bound together, feeding each other in a “cumulative causation” fashion that reproduces and reinforces those areas’ backwardness and marginality.

There is no doubt that the ongoing EU integration is going to place additional problems upon those areas - problems that might easily lead to urgent survival dilemmas if they remain unresolved. Economic uncertainties and risks are going to increase, and acute place competition between Southern European localities for the attraction of mobile investments is going to have devastating impacts upon those that are unable to “run faster” than the others. Even more negative impacts would be experienced by those areas whose production structure consists of “free rider” units unable to under-

take coordinated action, “productive community” mentality and networking practices, that is to say unable to build and maintain social capital. If collectiveness, mutual interdependence and reciprocity form a viable alternative to “free-rider” entrepreneurial behaviour in an era of increasing uncertainties and risks, then immediate action aiming at overcoming the counter-social capital barriers to local development should be undertaken on a comprehensive and long-term basis.

First and foremost, concrete land-use plans and programs should be drafted and implemented in problem rural areas on the basis of consensus, mutual trust and understanding between governmental, regional and local agencies. This is of course a difficult task to accomplish due to many decades of State-Citizenship mistrust, lack of mutual understanding and clientelism, but it is never too late for a fresh start. Second, complementary policies (e.g. regional incentives, public works etc.) should be re-oriented from the traditional objective of resources allocation in space and “hard” infrastructure provision, to “soft” measures encouraging the creation of inter-firm synergies and local partnerships in areas with a weak and problem-ridden production base like the one presented previously. Financial and other measures supporting synergies for the incorporation of new technologies in production, encouraging the creation of suppliers’ networks and marketing/export cooperatives, triggering off the development of innovative production ideas and the creation of local information and dissemination mechanisms, encouraging the drafting, financing and implementation of innovative pilot-projects, improving the performance of the local institutional framework, training local labour power in new forms of economic activity, raising local entrepreneurial climate, etc., are but a few “soft” policy guidelines that could be undertaken towards the abolition of counter-social capital structures and building social capital ones in their place. Last but not least, local key-actors of the private, public and social economy sectors should undertake systematic action towards raising local awareness and mentality about the merits of working together.

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