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**Conference Paper**

## "Regional inequalities and localist movements: relational complexities beyond linear determination"

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**Title of Paper:** “Regional inequalities and localist movements: relational complexities beyond linear determination”

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**Key words:** regional inequalities, localist movements, integration, Community of Madrid-Catalonia, Flanders-Wallonia

**Abstract:** The expansive nature of the dominant socio-economic model lead to the current globalized economy based on open borders, laws of open market and integration of local economic systems. This has as central component the establishment of supranational institutional forms (such as European Union). Economic integration combined with open market’s function did not result in elimination of inequalities. Forecasted convergence was far from reached.

Historically, in some regions local populations developed ethnically premised movements in order to defend their local identity and culture and promote their relative economic position. Emanating out of an array of distinct ethnic, cultural, religious, societal and economic backgrounds, in many cases such localist movements looked down on their central state government and national institutions and aspired towards the development of alternative localist institutions arrangements.

This paper examines the complex inter-determinations between localist movements and regional inequalities, the type and function of the emerging inter-relationships, and their resulting impacts on the acuteness of the two sets of phenomena examined. Negotiating between contrasting theoretical claims we shall examine the evolution of specific localist movements in relation to regional inequalities of broader areas in which they appear. We centre our case studies on the dual sets of Castilla – Catalonia and Flanders – Wallonia, whereby in Catalonia, Walloon and Flanders there have developed strong localist movements.

## **1. Introduction**

From beginning of contemporary world there has been many times that localist movements appeared, when a group of people who were concerned with global and local problems (such as rising poverty and ongoing warfare) came together and attempt to defend

their own culture, religion, language or economy. These localist movements have some characteristics which make them unique in human evolution and their examination could draw important conclusions.

In this paper there is an attempt to examine inter-determination and interaction between these localist movements and spatial inequalities, and mainly regional inequalities. Dominant school of thought and planning regarding development has driven in conservation and increase of regional inequalities, which are proportional to sharpness of localist movements in some cases and in some others the opposite.

After presenting current economic background and theories regarding localist movements there are two case studies, Belgium (Walloon-Flanders) and Spain (Madrid-Catalonia), which are examined in order to draw safe conclusions according to inter-determination and interaction between localist movements and regional inequalities

## **2. Current economic background**

### **The current globalized economy**

From the late 1980s we are in a transition period from local – placed economic systems to a globalized economy which has new and different characteristics from previous. Authors in favor of globalized economy argued that international economics hold that freeing of trade and capital flows, in an integrated world economy, leads to a more efficient allocation of world's scarce resources (Kapstein, 2000: 362). This economy model generates greater output and consumption compared to protectionism.

Some researchers (Hall, 1993; Gordon, 1999) define globalization as a more intensive internationalization of economic activities. Integration between local systems is achieved through financial and labour mobility, free trade, foreign direct investment, capital flows, migration and spread of technology and innovation.

Others (Castells, 1993; Sassen, 1996) assert that globalization actually means something deeper than internationalization. Globalization, according to them, is related to an economy that works as a single unit at a global scale (Arvanitidis and Petrakos 2005). It is an economy where capital and financial flows, labour and community markets, information,

management and organization are not only globalised but they are fully interdependent throughout world.

We are currently facing a situation of a worldwide 24-hour trading day in order to ensure that changes originating in one part of global system are rapidly diffused to others. However, the most important issue is that all these changes do not take place everywhere in the same way and at same rate (Arvanitidis and Petrakos 2005). Each place, depending on its special characteristics and initial conditions, has different rate, way and speed of implementing changes in transition to global economy. So, particular character of individual localities interacts with this large – scale general process of change to produce quite specific outcomes (Amin and Thrift, 1994).

### **Unequal development**

Although it is true that since 1990 there has been a decline in between nation inequality (in high level of administration and structure), improvement in global inequality is attributable largely to growth of newly industrializing Asian economies and conditions have worsened in some parts of world. Furthermore, inequality between regions and even between many countries has increased. Following and implementing neoliberal approach rich (spatial units and classes) have become richer and poor have become poorer (Harvey, 1982). So, spatial and social inequalities remain high and, in many cases, increased.

Taking account an economic integration, such EU, neoliberal theory, taking into consideration many assumptions, predicted convergence in growth rates on the basis that poor economies will grow faster compared to rich ones (Solow, 1956). However, from Maastricht Treaty in 1992, we note that regional inequalities have not decreased. On the contrary they have increased.

Concluding, regarding current period, there seems to be convergence among MS, whereas there seems to be divergence among NUTS III regions. Going over EU's route and process we think that divergence tendencies were dominant, regarding regional inequalities.

### **3. Localist movements**

#### **Localism, Globalisation and Localisation**

Globalisation, in economic terms, has basic characteristics the increasing complexity and density of global supply chains, internationalisation of finance by opening national borders and, mainly, high accumulation of wealth in large multinational corporations and elites who benefit from them. These important changes have been processed by national policies which support dominant school of thought, neoliberalism (Hess, 2009).

Dominant school of thought, which had introduced economic system in the concept of globalisation, is neoliberal one. This approach emphasises the role of government as protector of freedom, but types of freedom emphasised are those of contracting individuals and large firms. The focus on marketplace freedoms emphasised the rights of firms to engage in free trade, to hire workers without interference from unions, and to conduct business without burdensome government regulations and taxes (Harvey, 2005). Under neoliberal policies the poor would be helped not by welfare and labor policies but instead by increased investment in high-technology jobs that would result in higher productivity and wages.

In political terms, globalisation involves weakening of capacity of a nation-state to direct and organise its economy (Hines, 2000). Previously important forms of identity, such as working class, have been reconfigured, in social perspective. Globalisation as a concept aims at reducing and weakening all these structures that put obstacles for full trade liberalisation in order to produce more profit (Harvey, 2005). These obstacles contain the most of characteristics of a local system (ethnicity, religion, lifestyle, culture, language). So, local, place-based characteristics have been reconfigured.

In this world, characterized by rapidly changing local-global relationships, there are various forms of localisation that accompany changes associated with globalisation (Ong, 2006). Localist politics have been approached from many directions by different groups, so it is useful to distinguish localism as a movement from four other forms of localisation: technopole or regional industrial cluster, internet-based hyperlocalism, environmentally oriented relocalisation and political devolution (Hess, 2009).

First type of localisation, gives emphasis on growth of global political institutions, multinational corporations and regional trading blocks. This type of regional industrial cluster is based on economies of scale and concentration (agglomeration economies). Second type of

localisation has emerged in an era of globalisation. One form of hyperlocalism takes local knowledge and converts it into reviews and commentaries that provide guidance to potential customers, in current era of media, retail and information-technology industries (Castells, 2001).

Third type of localisation is directly related to environmental movements like the “Back to the land” movement of the 1970s in North America, which aimed at returning to a simpler, agrarian lifestyle in order to live in greater harmony with nature (Jacob, 1997). Regarding fourth and last example of localisation, political devolution involves the changing relationship among levels of government (Wilterdink, 2000).

Localism supports local production and consumption of goods, local control of government, and local culture and identity (Milburn, 2004). In general, localism is in opposition to Centralism, Nationalism and, mainly, Globalisation. Localism is understood as the movement to support of government policies and economic practices oriented toward enhancing local democracy and local ownership of economy in a historical context of corporate-led globalisation (Ong, 2006).

### **Localism as a political ideology**

Localism as a political ideology may obtain radical and mainstream characteristics but it departs somewhat from existing political debates by shifting attention from government-economy relationship to relationship between multinational corporations and society (Hess, 2008).

At the heart of concept of local independent ownership is a political project which aims at structuring an alternative, more local and in a lower level, economy which is distinct from world of large publicly traded corporation (Ong, 2006). Localism emphasises problems of corporatisation of economy and loss of local sovereignty and it draws attention to structure of an economy which has its basis on local economic units and not on large corporations.

Localism does not draw attention to find solutions which adjust state’s role and government in economy and which address the diffuse growth of within-state inequality (Hess, 2009).

## **Localism as a Movement**

A localist movement is created when a diverse group of citizens and small-business owners, who are concerned with global problems (such as rising poverty and ongoing warfare) and with a general sense of degradation of the economy, of politics and of quality of life in a place they call home, come together in a “local first” meeting under the shared banner of supporting locally owned independent businesses (local economy), local tradition and local culture (Hess, 2009). So, these people face problems which are both global and local and they decide to support their local system and its characteristics.

Political and social dimension to localism encompasses narrow economic calculus of local businesses which are banding together to resist negative side effects of corporate consolidation (Ong, 2006). Political goals of localist movements could be broadly consistent with those of anti-corporate, anti-globalisation movement, despite differences which exist between localist and anti-globalisation movements. According to Hess, localist movement has a largely middle-class social composition and may involve farmers and students but it could not be a labor-youth-environmental movement.

## **4. Case Studies**

In order to examine complex inter-determinations between regional inequalities and Localist movements we focus on two case studies. First is Belgian one (according to Walloon and Flemish region) and second is Spanish one (regarding Catalonia and Madrid).

### **4.1. Belgian case study**

#### **A. Walloon Region’s General Profile**

During industrial revolution, Walloon Region had a great growth of secondary sector and it trailed only the UK in industrialisation, capitalising and on its extensive deposits of coal and iron. This situation resulted in Region’s wealth. From 19<sup>th</sup> century’s beginning to mid of 20<sup>th</sup>, Walloon Region was the most prosperous in Belgium. Importance of heavy industry has greatly declined since World War II and Flemish Region surpassed Walloon one in wealth because the second one had economically declined (Eurostat, 2010). Since then and until nowadays, Walloon Region has suffered from high unemployment and it has a significantly lower GDP per capita than Flanders.

Walloon Region, to north, lies Central Belgian Plateau, which, like Flanders, is relatively flat and agriculturally fertile. In southeast lie Ardennes; this area is sparsely populated and mountainous. Wallonia borders Flanders and the Netherlands in north, France to south and west, and Germany and Luxembourg to east. It covers an area of 16.844 km<sup>2</sup>, 55% of Belgium's total area (Statbel, 2010) and, according to Statbel (2006), it has 3.413.978 inhabitants (32,4% of Belgium).

Current Walloon economy is relatively diversified, although certain areas (especially around Charleroi and Liege) are still suffering from steel industry crisis, with a high unemployment rate of up to 30% in some regions (Institute National de Statistiques, 2001). In total unemployment in Walloon Region has a rate of up to 10% (Eurostat, 2010). Nonetheless, Wallonia has some companies which are world leaders in their specialized fields, including glass production. Southern Wallonia, bordering Luxembourg, benefits from its neighbour's economic prosperity, with many Belgians working on the other side of borders and a high rate of exports in Luxembourg (Eurostat, 2010).

## **B. Flemish Region's general profile**

The area is located in basic central european corridors of trade and economic flows. The combination of its appropriate infrastructure system with high quality agricultural industries contribute to a worldwide distribution of products. As for its prospects, in order to be eliminated the spatial fragmentation of industry, it may be observed a turn to a creative economy based on innovation and logistics (Allaert, 2008).

Region's area expands to 13.522 km<sup>2</sup> and it has 6.016.000 inhabitants. With reference to density population, it is 445 inhabitants / km<sup>2</sup>, much higher than respective rate of Belgium (341 inhabitants / km<sup>2</sup>) (Biodiversity Indicators 2006, 2007).

Flanders has two main geographical regions: coastal basin plain in north-west and a central plain. Region's main area has an agricultural character since urban area occupies half of whole region (780.000 ha) (Biodiversity Indicators 2006, 2007).

From the end of the 19th century until the 1950s, the majority of Flanders, estimating about 500.000 people, who lived in rural areas, migrated to Wallonia in order to find a job. In contrast, nowadays, Flanders partly supports Wallonia due to Walloon industries' decline (Otte, 2010).



Even if Flemish structural unemployment's rates are continuously growing, unemployment's level in Flandres is the half of this of Wallonia (U.S. Department of States, 2010). As for the Gross Regional Product per capita for Flandres region, it estimates at 32,000 euro per capita (Belgium: 28,500 euro per capita) (Allaert, 2008).

### **C. Socio-economic comparison of two regions**

Belgium is a federal country and has major cultural, economic and regional differences (Pulignano, 2009). Firstly, an important discrepancy is observed in population numbers as Flandres has 6,1%, twice as much as Wallonia (Allaert, 2008). According to unemployment, Flanders presents lower rates from 1999 to 2008, as peak of the problem is only 6% than Wallonia which has a rate of unemployment over 12% (Eurostat, 2010).

Although Wallonia has 33% of Belgium's population of whom 46% are unemployed, it accounts for only 24% of Belgian GDP and 13% of its exports (Wishlade, 1996). At current market prices, GDP of both regions rises, reaching higher values in Flanders (5.000 Euros more than Wallonia).

Additionally, regarding economic situation, regions do not present similar courses over years. Flemish Revenue total net imposable (Belgian Federal Government, 2009) constantly increases from 2002 to 2007. On the contrary, Wallonia presents respectively a slight increase. On the one hand, Flanders has the power to "export" money about 6,6% of Gross Regional Product but on the other hand, Wallonia "imports" 12,1% and Brussels import 8,1% respectively (Wishlade, 1996).

Regarding educational level, although in general figures maintain constant, Flemish students' number is much higher than this of Walloon students from 2000 to 2006. According to health infrastructure, Flanders's primacy is also indicated by hospital beds' number (Eurostat, 2010).

Flanders presents a constant increase in number of arrivals as far as tourists are concerned in region. According to current statistics from Eurostat (2010), Wallonia's visitors do not overcome 800.000; at the same time, Flanders's tourists reach 1.700.000.

All these statistics data can reveal that two regions are affected by considerable regional inequalities in a variety of sectors. It is a fundamental matter that should attract

principles' attention and promote cooperation among different levels of governance so as gap will be eliminated.

#### **D. Society, Politics and government**

##### **Belgium**

Belgium has three characteristics as a state (Bellien, 2005): 1.As there is no genuine patriotism, state has had to buy people's adherence by literally corrupting them. 2.Absence of rule of law. 3.Belgium as an artificially constructed state has unreliability in international relations.

Along with Switzerland, Belgium is the only multilingual state in Europe. It is a state with two major linguistic groups: Dutch-speaking in northern region, Flanders –which constitutes simultaneously a nation, and French-speaking in southern region, Wallonia where inhabitants do not regard themselves as a nation in their own right but rather as a part of French nation and consequently a national minority within Belgium (Belien, 2006). Belgium was put together in 1830 by international powers as a political compromise and an experiment in building one state out of two nationalities (Bellien, 2007).

Regarding a poll published in Flemish public television VRT in June of 2006, almost 40% of Flemings prefer Flemish independence while 90% of Walloons want to keep Belgium together. So, Flemish institutions, regional government, political parties and people want to separate from Walloon region.

A first reason is social inequalities. Flemish economic output per capita is 124% of EU average, whereas Walloon one is 90%. Therefore because of this today Walloon Region gets from Flemish 10.4 billion euros (every year 6,6% of Flanders' GDP is spent on welfare in Wallonia). If Wallonia lost these billions it would cost every Walloon 1,500 euros per year (Belien, 2007). This is bad for Flanders, which is overtaxed, and for Wallonia, which is growing accustomed to a situation of dependency. This is another reason that Flemish want to separate from Walloons (Van Braekel, 2005).

In recent years there are much people in both Walloon and Flemish localist movements who want to merge into other countries (Flemish into Netherlands and Walloon into France). According to a survey of Dutch television network RTL4 showed that 77% of inhabitants of the Netherlands are in favour of the Netherlands and Flanders merging into one

country. In Belgium, 50,9% are in favour of reuniting Flanders and the Netherlands, regarding an internet poll of Flanders' largest newspaper (Bellien, 2007).

## **Wallonia**

Wallonia has its own powers and doesn't share them with other Regions or Communities (except with Community Wallonia-Brussels but not in framework of Belgian constitution, only on the basis of agreements between Walloon Region and this French Community). Wallonia has a parliament (one chamber with 75 members elected for five years by direct universal suffrage) and a government responsible in front of parliament. There are 5 languages that are spoken in whole region. Since July 15, 1998, Walloon Region has had as emblems a coat of arms, a flag, an anthem and a "national" day (Belien, 2007).

## **Flanders**

Flemish region disposes a political autonomy and relies on Flemish Parliament and a Flemish government. Flemish citizens have the right of electing the members of parliament every five years. Nowadays, the number of its members reaches 124, six of whom act in bilingual Brussels. Flanders has many political parties with none of them currently overcoming 25% of votes at the elections. (Flemish Department of Foreign Affairs, 2010).

## **E. Localist movements in Belgium**

### **Walloon Movement**

Walloon Movement is a type of localist movement which involves all Belgian political movements which either assert the existence of a Walloon identity and of Wallonia as a nation or defend French culture and language within Belgium. It began in order to defend the primacy of French language but soon gained political and socio-economic objectives (Belien, 2007).

It is a left-wing movement from its beginning and many Walloon militants consider their movement as an incarnation of social struggle and a way to fight for workers' cause (Van Braekel, 2005). Main reason that it began in 1880 in Walloon is that there were workers, working class and socialists. It started from a class issue and struggle. "Walloon movement cannot be as well as Flemish one a cause of division of working class" (Destree, 1913).

Destree, also, considered that “Walloon Movement is not in contradiction with internationalism. On the contrary, by creating a nation new, free and independent, it facilitates the creation of solid agreements between nations, which is by definition internationalism”. Walloon militants often regard Belgium as an invention of bourgeoisie (Belien, 2007).

Linguistic issues, also, had a major role in the situation and evolution of Walloon movement. A historical campaign of Walloon movement was the defense of French (and not Dutch) as Belgium’s sole official language (Belien, 2007). After Belgian revolution and Belgians’ decision to prefer French language, Flemish movement was created to recognize Dutch language. Then in 1880 French-speaking and Walloon movement was created by Walloon militants in order to defense French.

In its beginning Walloon movement took the character of a movement asserting the existence of Wallonia and a Walloon identity without giving up defense of French. After World War I Walloon movement had a brake because of reviving of Belgian patriotism. After this, in Walloon movement voices which support independence increased. Nowadays, in Walloon movement dominates the Rattachism, an approach advocating joining Wallonia with France (Belien, 2007).

### **Flemish Movement**

The problem started years ago when French-speaking bourgeoisie, unwilling to coexist, did not take into consideration Flemish part of population (Petersen, 2004). The Dutch language’s domination, according to Walloon people, was a loss of colonial territory that they controlled. In addition to this, French language of education and administration was a deterrent factor for Walloon, since its intellectuals migrated to Flanders (Van Haegendoren, 1975).

Flemish Movement regards a political movement which is designed to protect Dutch language and promote Flemish cultural equality, although until the First World War had mainly a cultural character (Mudde, 2000). It would be really desirable if whole region spoke the same language (De Groof, 2002). Nevertheless, the majority of people deny stop speaking French, especially around Brussels, refusing to adopt Dutch language.

In this problem financial transfers contributed to the strengthening of inequalities. The lack of a social security system and the tax legislation reason were the basic reasons which in

turns conducted to the rise of Flemish movement. Moreover, intensification of language problem relies on the differences of educational system in two regions.

On the one hand, Walloon students are forced to learn two languages of their choice but on the other hand, the majority of Flemish students know at least three foreign languages. And what makes matters worse is the conviction of Flemish to be a nation themselves (Belien, 2007). For instance, a poll realized in January 2006 showed that more than half of Flemish population support "Flemish independence" (Belien, 2007).

Flemish movement is mostly accepted in areas based on a strongly employed tertiary sector (Bridges, 1980). Nowadays, the movement is dominated by right-winged organizations. Vlaams Blok is the most right wing part from 1980 that is on contract to Flemish integration and believes in Belgium's autonomy (Fitzmaurice, 1996).

#### **F. Inter-determinations between localist movements and regional inequalities in Belgium**

There has been a total presentation of both social and spatial inequalities in Belgium and of localist movements that have been developed in this state. There will be effort to examine the relationship and the complex inter-determinations between these movements and regional inequalities.

Concluding, Belgium's localist movements subsist mainly for three reasons:

1. Regional inequalities
2. Belgium is not a national state
3. Culture, language and ethnicity

Focusing on timeless evolution of both localist movements we observe that they are amplified when inequalities between Walloon and Flanders are high. A characteristic example is period between 1915 and 1945 (Two World Wars). Belgium's economy and infrastructure were damaged and there was an effort for reconstructing country and in this level regional inequalities were too low. In this period localist movements were mitigated.

Today, in period of economic crisis which consequences have not yet appeared in Belgium, regional inequalities are still high. This has as a consequence sharpness of localist movements and mainly Flemish one, which demands to separate from poor and undeveloped

Walloon and to embody with The Netherlands in order to avoid financing Walloon and on the other hand to succeed higher rates of development.

Therefore, Belgium's economic inequalities, which are reflected in space, have affected political and interregional conflict in Belgium. Regional inequalities affect, interact and aggravate localist movements in Belgium. An operative reason is that Walloon movement began from a class issue, from a class struggle in 1880. So, both localist movements are affected mainly by socioeconomic situation of each region, each time that they are examined. A general way to explain these inter-determinations in Belgium is that socioeconomically rich citizens of Flanders want to separate from poor ones of Walloon.

## **4.2. Spain**

### **A. Catalonia Region's General Profile**

Catalonia is one of seventeen Autonomous Communities of the Kingdom of Spain. Region is made up of four provinces: Barcelona, Gerona, Tarragona and Leida. Barcelona is capital city of region. There are three distinct landscapes in Catalonia: high sierras of Pyrenees, Mediterranean coast and central lowlands.

Catalonia has the second (after Andalucía) largest population in Spain, 7.504.880 inhabitants (Eurostat, 2010) and the third highest density (233,7 inhabitants /km<sup>2</sup>), covering an area of 32,114 km<sup>2</sup>. It borders with France and Andorra to the north, Aragon to the west, Valencian Region to the south, and the Mediterranean Sea to the east (580 km coastline). The official languages are Catalan, Spanish and Aranese. Barcelona has 1.621.537 residents within its administrative limits on a land area of 101,4 km<sup>2</sup>. Barcelona's Urban Complex extends beyond administrative city borders, gathering a population of 4.200.000 residents on an area of 803 km<sup>2</sup> (the sixth-most populous urban area in the European Union).

Since the 1992 Olympic Games in Barcelona it has been on the world map as a place people want to visit and the capital is now very much an international city. But it has not lost its distinctiveness in respect of its heritage or its own everyday culture and language.

Catalonia has been one of the most advanced regions of Spain for a long time. Being the most important trading power in Mediterranean during the Middle Ages, it experienced a second economic take-off after 18th century when it became the first part of Spain to be

industrialised. In the medieval era it was a central place but was marginalised with the rise of empire and the shift of trade to Atlantic Ocean (Lopez-Casasnovas, 2005).

Within European Union, it is relatively central due to its location on Mediterranean seafront and its position as a gateway from Europe to Iberian Peninsula. Its location has not only shaped Catalonia's trading relationships, but has, also, influenced its culture, as a region of passage, from Carolingian age, when it was known as Spanish Mark, to European Single Market, when it has enabled Catalans to present themselves as quintessential Europeans (Lopez-Casasnovas, 2005).

In the 1980s Catalonia entered in a period of restructuring its economic structure running down and restoring traditional, heavy industries (state-owned or sponsored). Now that this process is largely completed, policy attention has moved to growing sectors and smaller and medium-sized firms. Currently, Catalonia's GDP is 94 percent of European Union's average, but there are still structural problems in old industries, a lack of dynamism in many firms, and a heavy reliance on inward investment in R&D (Keating, 2001).

Nowadays, Catalonia is one of the richest and most well developed regions in Southern Europe. Barcelona is among the most industrialized metropolises and is both a regional capital and a magnet for various migrants from other regions in Spain as well as from foreign countries.

## **B. Madrid Region's general profile**

Community of Madrid is one of seventeen autonomous communities of Spain, located in its center and covers 8.028 km<sup>2</sup>. Madrid is capital of Spain and is bounded to south and east by Castile-La Mancha and to north and west by Castile and León (Long and Preston, 2002). Its location, in center of Iberian Peninsula, is definitely one of its main strategic advantages, as the majority of Spain's largest cities are located in its periphery, but on the other hand can also be defined as a disadvantage as it may imply a risk of isolation from the rest of E.U. countries (Salet etc, 2003).

In terms of population, Community of Madrid is one of the most populated provinces in Europe, with over 6 million inhabitants. Population density is 779,36 inhabitants/km<sup>2</sup>, much higher than national average (91,3 inhabitants/km<sup>2</sup>). Vast majority of population lives in Madrid city, which has over 3 million inhabitants (Eurostat, 2010). Madrid's population is twice that of its "competitor", Barcelona, and four times that of Valencia, which comes third.

Madrid's population's growth, over past decades, is attributed to arrival of many foreign immigrants, which has bolstered productive capacity of community.

Although Madrid's economic activity has begun to shrink since 2008, due to economic crisis, Community of Madrid has been the Spanish region that has witnessed the greatest growth over last five years, specifically 18,7%, in comparison to national average of 16,6% (Observatorio economic, 2009). In general, Madrid's economy is based on tertiary sector, with services sector consisting 83,5% of total economic activity (INE, 2010).

Transport and communication services, tourism, financial and property services contribute to economic growth. Another important factor of city's economy is R&D; the fact is that Madrid's administration invested over 3 million Euros during 2007 in this field (1,13% of total GDP), making it the most important investor in Spain (INE, 2010). Employment rate is 69,6%, one of the highest in Spain, whereas its unemployment rate is significantly lower in comparison to the majority of Spanish regions, reaching 8,7% (INE, 2010).

### **C. Socio-economic comparison of two regions**

Catalonia's population is 7.5 million whereas in Community of Madrid live 6.3 million people. However, Catalonia's population density (233 persons every km<sup>2</sup>) is much smaller than Madrid's (779 persons every km<sup>2</sup>). Moreover, Catalonia's population stands for 16% of Spain's population while Madrid stands only for 13.5% (Eurostat, 2010).

As far as unemployment rates are concerned, Catalonia presents a higher percentage than Madrid in 2008. In fact, 9% of population is unemployed in Catalonia while percentage for same year in Madrid accounts for 8.7% of population. Taking it further, percentage of population that lives below poverty line in two regions is almost the same (13.5%-2007).

However, 2007 agreed wage increase is higher in Catalonia (2,71%) than in Madrid (2,54%). When it comes to GDP figures, Community of Madrid presents a higher per capita GDP (30,600 Euros in 2007) than Community of Catalonia (27,500 Euros in 2007). This ranking is also supported by fact that Madrid inhabitants face a higher cost of life than those of Catalonia (Eurostat, 2010).

Over past years, Madrid has continuously invested in R&D. This situation is reflected in amount of money invested by government of Madrid in R&D (3.6 million Euros in 2007). In the same direction, Community of Catalonia has spent 2.9 million Euros for same year.



Catalonian people spend more money than Madrid ones in education, mainly because of fact that Catalonia educates more students (Eurostat, 2010).

According to health infrastructure, Madrid's primacy is indicated by number of hospital beds (Eurostat, 2010). Finally, regarding tourism, looking at arrivals in each region for 2007, more people visited Catalonia than Madrid (6,3 million tourists to 5,5 million in Madrid).

All these statistics data can reveal that two regions have almost same level of development in a variety of sectors.

#### **D. Society, Politics and government**

##### **Spain**

As far as Spanish political situation is concerned, there are three special elements that characterise current situation in Spain. These three elements are: 1.tension of policy networks, 2.local governments of each region and 3.Relationship between state and civil society (Heinelt and Kubler, 2005).

In 1978, Spanish constitution authorized creation of regional autonomous governments and since 1985 country of Spain has 17 autonomous regions covering Spanish peninsula (Heinelt and Kubler, 2005). Source of creation of these 17 autonomous governments was the existing regional differences inside Spain. First autonomous elections were held in 1979 in Basque and Catalan regions, because there were the strongest localist movements in Spain. Central government in Spain is responsible for all regions' funding, but still keeps devolution of power and responsibilities to them. In addition, what has to be mentioned is that Spanish Constitution leaves undefined role and degree of self-governance for each region (Marsden, 2004). A law in 1985 specified only general principles as far as function and territorial issues of each community are concerned. Further specified details were upon jurisdiction of each autonomous community (Heinelt and Kubler, 2005). In general, Spanish central government retains responsibilities for foreign affairs, external trade, and national defense, matters of justice, civil aviation and merchant shipping.

Four out of 17 autonomous regions- including Basque and Catalonian one- have responsibilities in matters such as economic development, education, health, environment, matters of regional protection, security, social matters etc. On the other hand, Spanish

municipal administration is characterized by its homogeneity. Responsibilities that each municipality has vary from urban planning to civil defense and municipal taxes.

## **Catalonia**

Catalonia since transition has been marked by a process of nation or region building, with imperative, as Jordi Pujol, long-serving president and leader of moderate nationalist coalition *Convergència i Unió*, has put it, to *fer país*. There is a strong ideological dimension to this, as dominant forces have sought to impose their own vision and make Catalonia being frame of reference for political and social change. It builds on elements of social structure already present, and encompasses institutions, culture and economic development in a broad project for change. Some elements of this project are broadly shared within society, while others are contested (Goerlich and Mas, 2001).

## **Madrid**

Community of Madrid was created in 1982 and according to 2/1983 law, which provides autonomy to Community, Madrid's regions has its own flag and anthem. Madrid's region is funded by Spanish general government, but in some level has its own independence. National parliament has two chambers, lower of which is the Congress of Deputies and upper, the Senate. Congress consists of 350 members representing Spain's 50 provinces. Senate has 259 members, directly elected by a first-past-the-post system. Community of Madrid has 35 out of 350 Congress seats 35 and 10 out of the 264 Senate seats (Heinelt and Kubler, 2005).

## **E. Localist movements in Spain**

### **Catalonian Movement**

Catalans constitute is a very important historic national minority within its host country Spain, against which has developed for centuries its really effective movement. Catalonian separatist movement could be described as a type of localist movement, which takes mainly national and political characteristics, and is supported by all existent political parties in Catalonia. It is a timeless impassioned effort of Catalans to be recognized by Spain government Catalans' national identity and to gain the right of self-determination and finally lustful total autonomy from Spain as a nation (Weiss, 2002).

Since the mid-twelfth century, through dynastic union with Aragon, to Middle Ages and its domination in this union, Catalonia was one of the most advanced parts of Europe

functioned as conduit for economic, political, cultural exchanges between Europe and Iberian Peninsula. In 1469, when Castile started to become new emerging state of Union, Catalonia was suffering from a long democratic and economic deficit by civil war and experienced economic stagnation, political immobility and a loss of cultural vitality as a result (Balcells, 1996).

In 1640 "Segadors" War started. Catalonia fights against expansionist ambitions of France and Castilian centralism and its presence in Catalonian country that was being used as an operations base. War leads to Catalonia's defeat and signature of Pyrenees Treaty (1659), according to which territories of Rosselló, Conflent, Vallespir and Alta Cerdanya are conceded to France (Giner, 1984).

Some years later, between 1707 and 1714, Catalonia goes to war against Castilian king Felipe V of Borbon in so-called Succession War. Defeat suffered by Catalonians past generations left to absorption of Catalan countries in the kingdom of Castile -now Spain- losing its freedom. Once Spanish King Felipe V won the war, went onto dictate royal decrees in Valencian country, Balearic Islands and Principality of Catalonia by which Catalan countries would pass to a new period of deep and dreadful consequences for their political and cultural history. Under Nueva Planta Degree, all Catalan political institutions were abolished and Castilian Laws, absolutism and centralism were imposed; Public use of Catalan language was prohibited shortly afterwards, and region was subjected to a heavy burden of taxation (Balcells, 1996).

Modern Catalan movement stigmatized from Spanish Civil War (1936-1939) and General Franco's victory. After many Castilian's attempts to destroy Catalonian nation, experience of Franco's "politics of revenge" (Preston, 1990) proved to be the strongest factor responsible for salience of Catalan movement today and for tension that still exists between Catalonia and Spanish state in new democratic Spain. Entire generation of cultural and political background of the Republic was subject to bloody repression or had to flee into exile. The Catalan language and its heritage were forbidden and erased from public life. Civil society (political groups, cultural entities, schools and universities, media) was destroyed and replaced by new organisation of Franco's Spanish state (Pi-Sunyer, 2008).

Since post-Franco state to nowadays, this movement enhanced by rapid economic modernisation of Catalonia. In this situation Catalan movement paved way for 1982 Statute of Autonomy for Catalonia, restoring Generalitat and parliament and built one of the most

economically advanced region in Europe. Also, Catalonia was granted semi-autonomy in 1979. Regional government, until nowadays, controls many areas of public administration, including education, health, culture and much policing. Although, until nowadays this localist movement counts many political victories and gained step by step many levels of autonomy, it remains vital and active by pressing central governments until final step of its complete independency (Giner, 1984).

In last ten years Catalan movement has many explosions. Main demands of Catalan people are the greater recognition of region's identity, increased tax-raising powers, direct Catalan representation at EU level, Catalan representation in international sporting competitions, obligatory knowledge of Catalan language for all people living in region as a basic national characteristic of Catalonia (Weiss, 2002). Before 2004 and election of Spanish Prime Minister Jose Luis Rodriguez Zapatero, demands such as semi or total sovereignty in the region had been causing alarm and violent reactions of Madrid (Pi-Sunyer, 2008).

In the period between 2005 and 2010, Catalan movement experienced its peak. In 2006, Catalan voters have backed a new charter to give their region greater independence from Madrid. Results showed 73.9% voted for autonomy plan created by Spanish government, Catalonia's ruling Socialists and moderate nationalists and 20.8% against to a referendum. Until 2010, Prime Minister Zapatero, in order to keep under control the movement, has given to Catalonia more privileges and satisfied some of their requests, considering it as an equal region to Madrid. Despite of Spanish positive reactions, Catalonia demands even more autonomy, after beginning of 2009-2011 Catalanian independence referendums' round (De la Calle and Miley, 2008).

In Madrid there has not been existed a serious localist movement, because of its central place and function (as capital of Spanish state).

## **F. Inter-determinations between localist movements and regional inequalities in Spain**

After presenting Catalonia's and Madrid's development background and localist movement that has been developed in Catalonia, there will be effort to examine relationship and complex inter-determinations between this movement and regional inequalities (which may not exist).

Catalonia's localist movement subsists mainly for three reasons:

1. Historical background
2. Spain is not a national state
3. Culture, language and ethnicity

After examining regional inequalities of these two communities it could be drawn as conclusion that there are no specific deviations as far as their development status is concerned. In last 10 years, it is observed that these two regions are converging even more in all socio-economic sectors, while they are two of the most powerful economies in Europe. In periods of economic crisis, regional inequalities decrease (Petraikos and Psicharis, 2004). In cases such as Spanish economy, which economic crisis has affected even more in convergence of two communities, former argument is more enhanced.

As far as Catalan movement is concerned there are two periods of its sharpness. First period is set in post-Franco era in which this movement has resurgence for necessary restoring of Generalitat. After that, there is a stability of movements' demands on recognition of their national identity and a greater autonomy from Madrid until the election of Zapatero in 2004 in Spanish governance. Specifically in 2006, a referendum took place in Catalonia on Catalan independence and movement was once again sharpened. In both of these two periods regional inequalities do not play any major role in evolution of movement.

## **5. Complex inter-determinations between localist movements and regional inequalities**

Among social phenomena which affect directly spatial organisation, localist movements play a major role in evolution of social structure. From modern human civilisation's beginning, during socio-economic process, there had been many cases of localist movements, which gathered people who came together and attempt to defend their own culture, religion, language or economy.

Some of these cases, with regards to Belgium and Spain (between Walloon and Flanders and Catalonia and Madrid, relevantly) were presented upper in order to examine complex inter-determinations between localist movements' evolution and regional inequalities. Except them, in order to draw safer conclusions we could mention other cases of localist movements such as Scotland – UK, Wales – UK, Northern Ireland – UK and Basque – Spain.

These inter-determinations and interaction between localist movements' evolution and regional inequalities could have a stable relationship or could be complex. After research, it could be argued that this relationship depends on many factors which differ from one case to another and that it is a complex interaction. It could be noticed through case studies which were examined in this paper.

On the one hand, in Belgium, regional inequalities exist and influence directly localist movements; if there is divergence, localist movements (Walloon and Flemish one) are amplified, and when there is convergence they are softened. On the other hand, in Spain, there are no regional inequalities; however, localist movement (in Catalonia) exists, due to other reasons (historical, cultural and linguistic). These are the basic reasons of localist movements' creation (Hess, 2009).

So, due to this relationship's complexity, each case should be examined. There cannot be a stable, powerful and absolute principle regarding these inter-determinations. Furthermore, regional inequalities are not a precondition for localist movements' existence and evolution and localist movements' creation and evolution does not bring on regional inequalities existence.

We hope that this paper has contributed in scientific and social research regarding spatial issues. Localist movements' evolution is a very interesting topic which should be mentioned more by us for research with more quality. We hope that regional inequalities (which are one of dominant socio-economic system's necessary and congenital components) will decline, during new efforts that people and society makes in economic crisis' background.

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