

## Globalization and static societies: the case of Sardinia

### Riassunto. - Globalizzazione e società statiche: il caso della Sardegna

Il termine "globalizzazione" è uno dei concetti più controversi degli ultimi anni. Le idee sull'argomento si dispongono sui versanti contrapposti di due spartiacque che in parte si intersecano: da un lato gli 'scettici', dall'altro i 'globalisti'; le posizioni di questi ultimi generalmente si attestano lungo le trincee contrapposte dei 'no global' e dei 'si global'. Il termine 'globalizzazione' viene quasi sempre caricato emotivamente di slogan, piuttosto che scientificamente analizzato. Il fenomeno va letto in chiave geografica, come un processo di integrazione dei diversi sistemi spaziali in un unico a scala globale appunto. Allo stato attuale il livello di integrazione è ben lungi dall'essere uniforme: variano i livelli di sviluppo, la dotazione di risorse, le capacità umane e infine le 'faglie' tra i diversi sistemi – culturali, religiose, etniche, ideologiche – piuttosto che riassorbirsi si approfondiscono e le occasioni di conflitto si moltiplicano. La globalizzazione è da interpretarsi in chiave di teoria conflittuale dello sviluppo. Dal momento che lo sviluppo è un concetto multidimensionale, così dovremmo parlare di globalizzazioni al plurale: finanziaria, tecnologica, economica, culturale, politica, ecologica, geografica e sociologica. Le società partecipano differenzialmente al processo di globalizzazione a seconda del livello di sviluppo raggiunto, dell'accessibilità degli spazi occupati, della dotazione di risorse. Come lo sviluppo può essere endogeno o esogeno, così la globalizzazione può essere esercitata o subita. Per ciascuna società queste due forme si verificano contemporaneamente, con livelli più o meno elevati di asimmetria tra le due forme. Una variabile importante per spiegare tale asimmetria è rappresentata dal livello di dinamicità delle diverse società. La Sardegna rappresenta un caso di società tradizionalmente statica, che oggi da un lato manifesta segni di dinamizzazione, dall'altra permangono preoccupanti

elementi di staticità, o anche di regresso. La partecipazione alla globalizzazione da parte della Sardegna è estremamente asimmetrica: la globalizzazione attiva, o 'internazionalizzazione' è quasi trascurabile, nonostante qualche significativa eccezione. Essendo la globalizzazione un processo di integrazione, un ruolo chiave è giocato dai trasporti e dalla logistica, ma la partecipazione della Sardegna in questo settore, per i propri bisogni è insufficiente. La rivoluzione informatica e telematica, che poteva rappresentare un settore più libero dai vincoli posti all'economia dall'insularità, che pure era partita bene, e stranamente in anticipo rispetto al 'continente', non ha avuto grande diffusione lungo la gerarchia territoriale. Lo scarso dinamismo demografico e la crescente pressione migratoria costituiscono una minaccia di globalizzazione subita in grado di cambiare profondamente la struttura sociale e culturale dell'isola.

### Globalization: a controversial concept

Globalization is perhaps one of the most popular catchwords of the last two decades, a word that has captured the attention of societies at a "global" scale. Hardly any socio-economic phenomenon happens that is not immediately related to globalization: the popularity of pop singers such as Madonna, the worldwide spreading of religious fundamentalism, the success of "Star Wars", the surging wave of terrorism, the McDonald's empire, climate change phobia, the SARS pneumonia scare.

Although this concept has become widespread in the last two decades or so, its origin dates back at least to the studies of sociologists such as Saint-Simon and geopolitics scholars such as MacKinder during the 19th and the beginning of the 20th

centuries. The concept of globalization arises from the observation that modernization was leading towards increasing worldwide integration.

During the 1960s and '70s the term "globalization" acquired attention as the growing integration, particularly amongst Western countries, highlighted the blurring of sharp divisions between internal and foreign affairs and therefore the increasing difficulty of applying traditional solutions to new problems. After the collapse of the Iron Curtain in 1989, the liberal capitalist system was seen as the global winner of the ideological confrontation known as the Cold War. This system has thereafter been targeted by its critics as the origin of most problems in societies worldwide: pollution, poverty, war, overpopulation, immigration, unemployment, disappearance of aboriginal cultures, Third World's debt. Fighting against globalization (whatever it is) has become the new engagement of hundreds of thousands people around the world and "no-global" the flag around which have gathered all sorts of protesters: 'green' activists, anarchists, former communists, Buddhists, Catholics, Muslims. In what has become a global Babel the word stays but the meaning is gone.

The intensifying debate has finally involved the scientific community that is called upon to rationalize the ideas, but no simple and univocal structure has emerged but an heterogeneity similar to that found in society. It is at least possible to draw a divide between 'globalists', who consider globalization as a real new phenomenon, on the one side, and 'sceptics', who believe it to be a mere ideological and mythical construction of negligible explanatory power (Held & McGrew 2001).

A part of the globalists join some of the sceptics in the effort to highlight the positive results of a cost-benefit analysis of the globalization process, a position that has been termed 'yes-global', while the rest of the globalists embrace the 'no-global' flag of total condemnation of globalization. Of course this quadripartite structuring is a simplification of all the different positions that are highly complex and articulated, and it is possible to suggest that these are extremes of two scales along which those can be located. Often the meaning of "globalization" is left unexplained and/or is used as a box to be filled with whatever phenomena the writer has decided to blame or to praise. It is therefore necessary to review the concepts that have been classified under this tag.

Globalization is more often presented with emotively loaded words rather than seriously and scientifically analysed. In this process, that is more

ideological and political than scientific and analytical, the meaning of the word "globalization" is bent to the needs of the moment. Some focus on very narrow fields of meaning: George Soros defines it as "the development of global financial markets, the growth of transnational enterprises and their growing dominance on national economies" (2002, 15). Other authors expand this field: Stiglitz describes globalization as "a closer integration amongst countries and populations of the world, determined by the enormous reduction of transport and communication costs and by the demolition of the artificial barriers to international circulation of goods, services, capital, knowledge and (more limited) of people" (2002, 9). The truth is that there is no universally accepted definition of globalization, even amongst academics, this probably being a result of a general trend towards narrower specializations, so that the globalization process is interpreted in different ways according to the point of view of the discipline (or sub-discipline) of the speaker.

Globalization has been conceptualized as an action from a distance, whereby local social actions influence distant subjects somewhere else; as space-time compression in socio-economic interaction, due to modern telecommunication technologies that erode the influence of space; as an acceleration of interdependence, i.e. intensifying levels of interconnection between national economies and societies; as a shrinking world due to the diminishing importance of confines because of socio-economic activities. Globalization has been described as global integration, restructuring of interregional power relationships, increasing awareness of a global condition of mankind, and of intensifying interconnections at the regional level (Held & McGrew 2001, 13). Globalization is able to coagulate a considerable volume of hostile feelings as it is seen to incarnate "this stage of hegemony of the Western culture, (...) because, for the first time, we are approaching a world market that is expanding 'globally', i.e. worldwide" (Abinzano 1998, 2), the 'New World Order' to which all other countries must bend.

A classification of the different uses of the globalization concept has been attempted by Taylor and Flint, who consider of eight major dimensions:

i) *Financial globalization* describes the instantaneous world market in financial products traded in 'world cities' across the globe continuously twenty-four hours a day.

ii) *Technological globalization* describes the combination of computer and communication



technologies and their satellite linkages that have created 'time-space compression', the instantaneous transmission of information across the world.

iii) *Economic globalization* describes new integrated production systems that enable 'global firms' to utilize capital and labour across the whole world.

iv) *Cultural globalization* refers to the consumption of 'global products' across the world, often implying a homogenizing effect as with 'Cocacola-ization' and 'McWorld'.

v) *Political globalization* is the diffusion of a 'neo-liberal' agenda promoting State expenditure reductions, deregulation, privatization and generally 'open economies'.

vi) *Ecological globalization* is the concern that current social trends will outstrip the Earth's capacity to survive as a living planet; it aspires to be a 'green political globalization'.

vii) *Geographical globalization* is about the re-ordering of space replacing the 'international borders' by trans-state practices in an increasingly 'borderless world', often viewed as a network of 'world cities'.

viii) *Sociological globalization* is the new imagination that sees the emergence of a single 'world society', an interconnected social whole that transcends national societies' (2000, 3).

Even this classification is far from exhaustive: is economic globalization only concerned with 'global firms', and are they so free to move their business around wherever they like? Limiting consideration just to labour and capital as factors of production is the endless proposition of 19<sup>th</sup> century's misconceptions. Is political globalization limited to a 'neo-liberal' agenda? Why were not so stigmatize the internationalist attempt to uproot local cultures and substitute them with the Marxist verb during the 19<sup>th</sup> and 20<sup>th</sup> centuries? What about global terrorism and the countries sponsoring it? Don't they play a global game? Is ecological globalization, whatever it is, limited to so called 'green' points of view stated and enforced by organizations that are themselves globalized? Geographical globalization has to do just with a network of cities and the increasing transparency of international boundaries? How about global geopolitics, conflicts, transitional areas and periphery. What about development? What about linguistic and cultural boundaries in the cyberspace? How about physical and other non physical spaces? The concept of globalization for some authors is no longer able to account for the present situation: Deaglio describes the present historical phase as a postglobal era (Deaglio 2004).

A single perspective in approaching globalization will likely produce deformed views. According to Carvalho and Azevedo "the world can be regarded as an integrated set of specialized regions, where each one plays a different role, according to its specific abilities. For each global productive process, there is a distribution of roles among nations. Some countries concentrate their efforts in research and development (intellectual production), certain provide the raw material, some supply the inputs and parts, and others are responsible for the low cost assemblage." (2000, 7). These monofunctional areas, if they can be identified for a single product, as in the case of "the Mazda Miata MX-5, a "Japanese" sport car [that] was designed in California and financed by Japan. The prototype was created in Worthing, England, and the assemblage is made in the USA and in Mexico with electronic components developed in New Jersey but produced in Japan (Ortiz 1992). A single product creates a relatively simple web of relationships, but taking into account all the goods and services which are produced daily in the world, the network becomes much more complicated so that it is not that easy to isolate roles. Add all the cultural and political relationships between different areas, all the reciprocal influences and let's have a look at the tangled skein that results.

Reality is much more complex than economist simplifications suggest. An holistic approach is needed and a true geographical (without adjectives) point of view on globalization is likely to produce a deeper understanding. As a science of synthesis on the edge of physical and human sciences, geography is better equipped to understand the whole picture than narrowly focused disciplines or sub-disciplines.

Central to the concept of globalization is the idea of integration, in itself a concept that is not univocal. Integration is in turn linked to interaction. "In a wide sense, the concept of spatial interaction can be related to any kind of relationship between places (connexity, similarity, flows, proximity) and one could assimilate the analysis of spatial interaction to spatial analysis in itself, or even to geography. In the practice of (mainly geographical) research, spatial interaction often takes a more limited and technical meaning and may refer to a phenomenon described as "decreasing of the intensity of flows with distance" (De Boe & Hanquet 1999, 16). As the distribution of population, resources and physical and technical accessibility is generally the aim of equalizing interaction is an utopia. "The idea of integration (so-

cial, economic and political) underpins the formation of the European Union. Integration tends to be regarded as a positive response to the disintegration of traditional structures caused by globalization. The EU is widely perceived as being on the right scale to counterbalance the influence of the other major integrated regions in the world" (De Boe & Hanquet 1999, 7). The model of European superstate that is being developed tends to be strongly centralized and integration is being based on interest just to receive aid. What will happen in countries such as Italy, and particularly in Sardinia once aid will be redirected to new EU members is still to be seen.

The Union tends to aim at social cohesion and policies aiming at this goal are based on "*reducing disparities between the levels of development of the various regions*" (Treaty on European Union, title I, article 130a). By analogy the European Union intends spatial and territorial cohesion as a situation where all parts of the territory would have equivalent opportunities in relation to territorial features. Of course, the role and deployment of territorial parameters such as location, altitude and climate (not to mention the distribution of land fertility, natural and cultural resources) indicates that complete compensation of such disparities is an unachievable aim, even if efforts can be made, at a cost, so as to alleviate the constraints of areas that are particularly disadvantaged.

Geoff Mulgan (1997) labels the current era one of 'connexity': cultures, economies, social worlds, politics and environments all become driven by logics of increasingly intense interconnections and flows, over larger and larger geographical scales. A growing range of economic, social, and cultural interactions are being supported by modern communications technologies. Of course, it is possible that connections may occur between specific sections of society only and between specific areas that such sections occupy. We may therefore witness different social geographies of spatial integration.

Spatial integration is a concept that is wider than simply transport linkages but includes all transactions (or flows) between areas. The growing importance of network-based connections means that economies are increasingly driven by "the logical or 'virtual' regularities of electronic communication, a new geography of nodes and hubs, processing and control centres. The nineteenth century's physical infrastructures of railways, canals and roads are now overshadowed by the networks of computers, cables and radio links

that govern where things go, how they are paid for, and who has access to what. The physical manifestation of power, walls, boundaries, highways and cities, are overlaid with a 'virtual' world of information hubs, databases and networks" (Mulgan 1971, 3).

Perhaps, disagreements amongst globalists and sceptics are partially due to a lack of a stable focus on the geographical scale of analysis. Underlying many arguments there is an analysis founded on 'floating' geographical scales. This is to say that very often problems that are domestic in origin are attributed to the action of global firms or foreign national governments that operate globally. This attitude is very often supported by the 'good savage' myth: non-western people are fundamentally good, it is the Western culture that stains their original purity. This is the case with many conflicts in Africa where from time to time the blame is on gun traders, on mining companies, on multinational companies while it is usually the case that they are internal conflicts, sometimes even at the family scale, or are just a revival of old tribal rivalries began before the onset of colonialism. It must be said that the influence of rogue countries, particularly some Muslim ones, in stirring conflicts, persecutions and enforced conversion against Christians, is normally overlooked.

Present levels of integration are far from uniform: stages of development, resources endowment, human abilities in different regions are varied. To this it is necessary to add cultural, religious, ethnic, ideological 'faults' between different systems that are far from being absorbed, while conflict occasions multiply. In the proposition by Huntington faults are linear boundaries between different cultural systems, but this model does not take into account present day multicultural societies where more or less significant cultural 'islands' are frequent.

Globalization is a process towards an aim, perhaps an unachievable aim: complete integration in a system in which concepts of centre and periphery blur at advanced stages of development such as the industrial and post-industrial stages. It also happens that nothing is fixed but everything changes: in the process of "creative destruction" (Shumpeter 1936) areas that were successful and well integrated thanks to a certain technology may lose centrality, become areas in need of restructuring with a falling level of integration.

Central to the process of globalization is the concept of development, "understood as a process of innovative structural transformation of a society and of its pattern of interaction with the space it



occupies and uses" (Biagini 1981, 4). If we analyse development at the planetary scale, globalization can be interpreted as the process of progressive integration of the global periphery within a space organized by global centres. If we consider the whole world as a system, it can be conceptualized as a patchwork of subsystems, more or less strongly interconnected, at different stages of development. If we were to overlook the less interconnected spaces we would come up with a globe covered with empty holes. Spatial systems at the same scale are more or less interconnected amongst themselves. It is difficult to envisage a world completely and uniformly interconnected because there are spatial systems that are divided along various fault lines, particularly cultural and religious ones. Huntington identifies nine main spatial systems based on religion or other ethnic characters: the Western system, the Latin American, the African, the Chinese, the Hindu, the Orthodox, the Buddhist and the Japanese (Huntington 1997). Each of these areas is made up of a number of countries or regions. Relationships among them are more or less conflicting according to some inherent incompatibilities, different world vision, and geopolitical interests.

#### **Globalization: a reversible process?**

There is some debate about whether globalization is or is not reversible. Particularly during the 1990s the idea of globalization as being irreversible was widespread both amongst supporters (Bryan & Farrell, 1997) and opponents (Hardt & Negri, 2001). Globalization, instead, is a reversible process. This is theoretically true in the economic field: "when technological progress makes distance costs drop more rapidly than production costs, distance barriers can be overcome and markets integrate. A subsequent phase can be hypothesized whereby technological innovation proceeds more rapidly in the manufacturing sector than in the service sector, a necessary condition for the disintegration of markets" (Deaglio 2004, 26). Problems of cost are open to influences of political origin: labour and capital costs are related to the level of social protection and level of taxation and interest rates, import duties and technical specifications (e.g. environmental friendliness) or ethical requirements (e.g. forbidding of products made by children) may be introduced, so that cost distance is artificially increased. Distance between markets is also influenced by cultural distance between different civilizations (Huntington 1997)

a distance that sometimes, for some products, becomes very difficult to reduce. What is more, the advantages due to economies of scale, and therefore the base for the creation of larger markets, may diminish rapidly with size. Modern electronic and information technologies have put great effectiveness, flexibility, efficiency and visibility gains at close reach of small companies at a relatively low cost.

A more serious threat, possibly leading to disintegration, is the rise of new empires. If the USA represents a new "light" empire (Ignatieff 2003) there are a number of other empires that fight for global power and war might lead towards randomization of outcomes as far as integration is concerned or even a threat towards globalization. International organized crime, that includes organizations such as the Italian mafia, the Japanese Boryokudan (the new name of the Yakuza), the Chinese Triads and so on, owns the largest amount of liquid assets in the world, and produces goods and services equivalent to 8-10 per cent of the world GDP. The Eastern empire of terror has clashed with the Western empires and has questioned a development path that looked already given and acquired. Globalization is also threatened by anti-globalization, that pretends to moderate globalizing trends but it is likely to be on the books of other empires, not unlikely of the empire of terror. Anti-globalization may also be interpreted as an emerging empire in itself, acquiring power with the same unruly methods as other players and producing mega-business (Mini 2003). Probably the world is not globalized and never it will be completely. Globalization is a limit-concept whose validity is based on highly restrictive conditions and of very difficult achievement. It is probably better to talk about integration or different degrees of integration (Fratanni 2003).

There will always be areas where the economic structure is obsolete and in need of restructuring and where vested interests oppose to change. The creative destruction necessary for development to proceed is often rejected because of the introduction of innovation which puts established positions in danger. Globalization will probably always result in an archipelago of areas well integrated within themselves and with diminishing levels of integration with other areas (Deaglio 2004). All areas will then be localized along a continuum of integration in respect with all other areas, spanning from virtually nothing to the highest levels.

The World Bank, the IMF and other organization often have intervened with economic support accompanied to stringent budget restructuring



plans: austerity, privatization and liberalization of markets have been the three pillars of the Washington Consensus during the 1980s and 1990s (Stiglitz 2002). These policies have in the first place all resulted with severe pruning of welfare expenses. Or at least these are the accuses. For example, management of the passage from planned socialist economies to market systems in previous communist countries has been based on massive doses of deregulation and liberalism. Some authors accuse this approach as responsible of the cases, although not on a massive scale, of extreme poverty (Deaglio 2004). It would be interesting to understand on which data have comparisons with previous situations been drawn: in those countries, and in many others where dictatorships were in place, statistics have been and still are constantly manipulated, falsified and invented (Conquest 2001). What is more, the alarming ideas about the increase in the wealth gap between population living in the richest countries and those dwelling in the poorest countries have been demonstrated to be based on superficially constructed indexes (Lomborg 2003). Probably the idea that the creation of a private sector together with the opening of the market would have resulted in development, i.e. that development is simply a result of economic factors, is a sad result of specialization of organizations such as the IMF or the WB. It ignores cultural, political, environmental, educational factors, it also ignores history and the fact that change needs time. "The economist who is only an economist is likely to become a nuisance if not a positive danger" (von Hayek 1967, 123).

There are a number of misconceptions that feed the globalization discourse: the self-elected defenders of the world state that globalization leads to the triumph of the largest companies, despite proofs that the proportion of output from big companies has declined worldwide. In fact new technologies reduce the importance of economies of scale, make information access independent from firm size, and open boundaries free companies from ties with national governments. So as to scare people, these militants often quote statistics that compare firms' turnover to States' GDP. Since GDP measures value added, the correct corporate equivalent is profits, and this leads largest companies to be equivalent to countries below the 50<sup>th</sup> in the list. There is an underlying idea that States are better than companies. People in companies are bad, people in States are good, entrepreneurs are inherently profit seeking, whereas politicians and bureaucrats work for the

good of their people. According to Freedom House, an independent NGO, in year 2000 in the world there were 85 free countries, 60 partly free and 47 not free.

"In Free countries citizens enjoy a high degree of political and civil freedom. Partly Free countries are characterized by some restrictions on political rights and civil liberties, often in a context of corruption, weak rule of law, ethnic strife or civil war. In Not Free countries, the political process is tightly controlled and basic freedoms are denied". In 2000, there were 2,324 billion people living in free societies, i.e. 38.90 percent of the world's population (<http://www.freedomhouse.org>). From this data different consequences stem: the idea of the death of distance is in many cases a nonsense, as political borders are real obstacles to the movement not just of people, but of goods and of ideas particularly in not so free countries where the control of people is the core of power control. In the free countries, the world economy is organizing itself around cluster of excellence (e.g. Hollywood, the City in London) often located in technopoles (Silicon Valley, Boston's Highway 128, Cambridge, UK) (Castells & Hall 1994). Another consequence is also related to globalization: the role of global institutions such as the UN, the FAO, the UNESCO deserves a more critical attention. These organizations have proved highly ineffective at achieving goals that are in their constitutions but very efficient at providing fat wages and privileges to countless members of the elites of authoritarian regimes (Giordano 2003), as well fattening their own vast buraeucracies.

There is also the myth that globalization is destroying the environment. In reality any industrial activity has an impact on the environment. The so called sustainability is a politically correct myth rather than a real possibility. Unless production is limited to what is purely renewable (solar energy, chemicals from grown products, building materials limited to stones and raw earth), we are going to affect the possibility of future generations to use those resources. This misconception is related to the idea that a resource is a given, while it is the product of human creativity and changes in technology. In the same way, as we would not know what to do with obsidian or flint-stone that our ancestors 'left' us, it is a real possibility that our descendants will not need at all many of the materials we are using today. Moreover, a clean environment is a luxury that only rich economies can afford: if all the world population returned suddenly to a stone-age living stile it would be a disaster for the environment, as that way of life, on the





contrary to what ideological environmentalists believe, was extremely “unsustainable”. Unless we want to limit population density to that of some tribes of Amazonia or Borneo. The problem would be to get rid of the millions of dead bodies that would result. There are some organizations such as the Voluntary Human Extinction Movement (<http://www.vhem.org>) that preach the total and immediate human reproduction stop so as to allow the planet re-acquire its health. It is true, in the strict sense that globalization, by increasing trade flows stimulates production and therefore creates pollution, but in the long run it also creates the wealth to clean the environment up (Micklethwait & Wooldridge 2001). An index elaborated by the World Economic Forum that explored the degree of environmental sustainability in 122 countries showed a strong correlation between greenness and wealth.

### **A complex framework: active and passive globalization**

Technological innovation has been one of the main factors shaping the evolving relationship between development and transport. The growth of world trade and the establishment of the global economy is deeply related to transport modal change. The latest stage in such evolution is the telecommunications revolution we are experiencing nowadays, a stage that stresses the information and growing expertise content in production and trade of goods and services. These “information super-highways”, whose creation has been concentrated in developed countries, have initially increased regional and global development imbalances. As with most the other transport modes that have been developed in human history, with the resulting space-time and space-cost convergence, have always, at least initially, had polarization effects. Convergence has been more pronounced along the axes of communication between the most developed and the most populated cities and regions. To a certain level this is also true in the case of electronic communication instruments: carrying capacity of communication cables is greater along the lines interconnecting larger cities (Hoyle & Knowles 1994).

Societies take different part to the globalization process according to their level of development, accessibility of the space they occupy, natural resources endowment. In the same way as development may be exogenous or endogenous, so globalization may be exerted or endured. Space

(both in physical and non-physical terms) is endowed with different levels of accessibility (physical, economic, cultural and psychological) and asymmetric accessibility in the in and out directions.

If globalization is a process of integration, this is related to accessibility which “can be defined as how easily a place can be reached from a given point” (Lowe & Moryadas 1975, 7). Factors that determine the level of accessibility of a place can be social, cultural, political, economic, technological or physical. Accessibility therefore varies in space and can be asymmetric, i.e. external societies can experience different accessibility to a place than societies that live in that place. Accessibility is also related not just with capability to access a certain space, it has also to do with will. More active and aggressive societies are keener to move and establish relationships with other spaces than static societies. Integration can be imposed or invited or even sought for. As development can be exogenous or endogenous, so globalization may be either active or passive, and therefore enforced or undergone. Sardinia is in the middle of the western Mediterranean Sea but historically Sardinians were not very keen in establishing relationships with the outside world. The island was often integrated (at a very basic level) by other societies of which became an exploited periphery. The surrounding sea was for the invaders an opportunity for enveloping Sardinia in their political and commercial nets, while it was an impassable barrier to Sardinians themselves. In historic times the Sardinian coast has been hostile to the settlement of the Sardinians themselves while it was not so for the Phoenicians, Romans, Byzantines, Genoese and so on (Cau 1999).

These two active and passive aspects of integration, and therefore of globalization, act normally at the same time in every society. The degree of integration in the world is nowadays such that most countries and even most regions within them, have occasional or established relationships with many others at the same time. The asymmetry is given by the prevalence of either of the two forms. The difference between the whole of acted relationships and the sum of endured relationships establishes a continuum between active globalizers, a positive result, and passive globalizers with a negative value. Not all the significant relationships are easily quantified: trade flows or tourism flows are less problematic than political or cultural influence. On the whole the full picture must be based on some quantitative data and more qualitative information. One such variable



that is not easily quantified is the level of dynamism of a society.

Central to the concept of development is the type of society that is the actor of the development process itself. Society is a system of interaction between and within cultural behavioural models, individuals, socio-economic and spatial structures. When we focus on the interactions between social systems and space they occupy and use, we are considering spatial systems. Societies can be more or less static or more or less dynamic when compared to each other. That is to say that 'the' static society or 'the' dynamic society do not exist as such. They are ideal-types, two ideal models against which to benchmark real societies. Innovations produce development waves within society and on space causing structural change in one or the other or both.

The main character that distinguishes a dynamic society is its degree of openness to innovations, i.e. the readiness to accept innovations as they emerge, and to favour the structural change such innovations need and produce. As development is a multidimensional concept, related to educational, cultural, political, social, economic and other paradigms it is possible to have different levels of dynamism in different sectors. Different geographical areas of the same spatial system may also show different levels of dynamism. A society can be dynamic in its economy, but politically static. Central areas tend to be more dynamic than peripheral ones. Dynamism may change in time as well, with societies being more innovative during parts of their history and more static in others.

The characters of an ideal static society are: a level of development usually at the pre-industrial stage, or experiencing the introduction of exogenous localized limited disharmonious industrialization; a rigid adherence to traditional behaviours and ideas; a tendency to locate individuals in society according to ascriptive criteria such as family descent; a sense of time mainly related to natural phenomena.

The characters of an ideal dynamic society will be the opposite of the previous one: a high level of industrialization; innovative behavioural and thinking modes; a tendency to locate individuals in society on the bases of personal success; linear and abstract sense of time (Biagini 2004). The study of development is based on statistical rather than deterministic reasoning, therefore probability and not certainty is the character of all the assertions. The young are usually more keen to explore new ways and accept new ideas. Consequently on the whole, the higher the percentage of

young people in a society the higher the energies available for change. A "young" society will be more extroverted and even aggressive. According to Huntington, changed demographic balances and a percentage of the population between 15 and 20 years old higher than 20 per cent of the total population explain most of the conflict between civilizations at the end of the last century (2000).

### **The Sardinian static society**

In January 2001, in Sardinia, young people as defined above represented 7.52 per cent of total population, while people of 60 plus years old counted for 21 per cent of the total population. This trend towards an aging population was marked by a change in the birth rate related to a secularization of social and cultural attitudes towards family and individual life. Such change of attitude is testified by the pass of divorce and abortion laws (in 1970 and 1978) and, even more, by the results of two referenda on the same issues (held respectively in 1974 and 1981) (Fig. 1).

There are a number of characters that are typical of static societies. Amongst them a variable that is often overlooked but that plays a considerable role is "envy". Envy can act as an obstacle to the creation of an entrepreneurial attitude and therefore to economic development. It sanctions wealth creation and inhibits the achievement of success which are the spur to entrepreneurial activities. Consequently innovative and non conventional behaviours that underpin entrepreneurship are discouraged. Envy is a feeling that may be felt with different degrees of strength: we have the envious that if he is unable to get something that someone else has got he prefers that none of them gets it (Nozick 1981) and this feeling has been termed weak envy (Elster 1991); there is also a more severe form of envy: "we may think of envy as the propensity to view with hostility the greater good of the others even though their being more fortunate than we are does not detract from our advantages. We envy persons whose situation is superior to ours (...) and we are willing to deprive them of their greater benefits even if it is necessary to give up something ourselves." (Rawls 1972).

Envy is related to self esteem, in the sense that comparing with others of higher status or wealth diminishes it. Envy is also independent of merit, on the contrary merit may give more result to strengthening of envy feelings: an individual's self-esteem is more put in question by someone else's





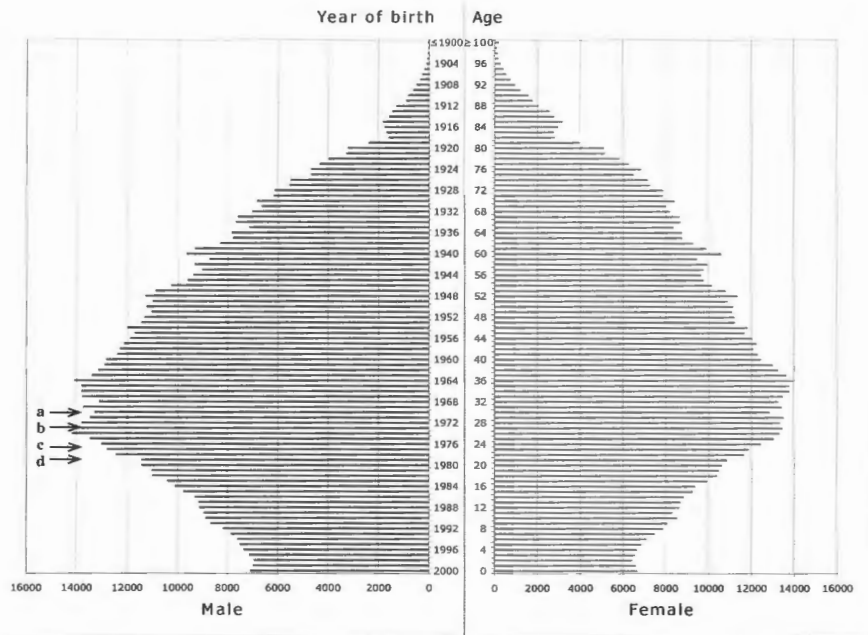


Fig. 1. Age pyramids for the Sardinian population. Key:  
 a. 1<sup>st</sup> December 1970, n. 898 (Divorce Act);  
 b. 12 May 1974, referendum on divorce;  
 c. 22 May 1978, n. 194 (Abortion Act);  
 d. 17 May 1981, referendum on abortion.

abilities than by his luck. Of course there is a need to discriminate between envy and emulation, which is a benign form of envy that encourages people to strive to reach what others have already got. It is also necessary to differentiate between envy and resentment, which is a feeling that, when genuine, arises from an endured injustice: wealth has been achieved because of corrupt institutions or because of unfair behaviour. Often, because resentment is more morally acceptable than envy, the latter is rationalized by individuals as the former.

Nozick (1981) suggests that envy, rationalized as resentment, is the main motivation of egalitarianism in societies, particularly so in traditional societies where economy is perceived as a zero sum game. Normally, envy plays an important role on a local scale and it needs closeness to trigger: spatial, temporal, of status or wealth. It arises amongst members of the same community, and, within it, amongst those that belong to the same or the closest social strata. Envy can develop to more severe levels in societies in upward transition where occur at the same time social mobility and privilege. The more closed a community, the more effectively envy works as a social check: people's action space is very limited and overlap consider-

ably. Isolation limits knowledge of other places and people that would put local privilege in perspective.

Envy works so as to discourage entrepreneurial behaviour that accepts innovations and put the accepted norm in question. In traditional societies the envious does not act directly and openly but in more subtle ways, even by witchcraft or evil eye.

People may feel gratified by perceiving to be the object of envy or threatened. The second case is the most frequent one, and it is probably this feeling the origin of redistributive practices in traditional societies, or attempts to hide wealth. Money is more easily hidden than harvests, and bank accounts are even more effective in this respect. In every time the bureaucratic caste has played an important role in putting into effect local and more general envy. In every time entrepreneurs have had to defend themselves both from the peers envy and from the institutional envy. Institutional envy thrives in the politicians' will to control every gram of power and in intellectuals' frustration of inability in acquiring the economic power that they believe they deserve. Envy against entrepreneurs arises because of their same nature: their ability to innovate and activate a process of "creative destruction" that inevitably

breaches tradition and threatens vested interests (Shumpeter 1936) and their ability to understand new market and profit opportunities arising from innovation, to envisage new uses of existing resources and goods (Kirzner 1973).

Entrepreneurs produce profits in ways that are not easily understood by non-entrepreneurs and are not proportional to identifiable and measurable effort or number of working hours. In some ways this is related to existing theories of value: if value of a good is believed to be given simply by the number of worked hours every "plus-value" is immoral. This wrong belief is behind medieval theories of just-price and underpins classic economic theory and especially Marxist theories.

In Sardinia wealth was traditionally considered an ascribed status. It could not be increased or obtained along ordinary ways but by luck. "It is symptomatic, for example, that it is still possible to meet elders that consider the origin of wealth of well off families in the community where they live, to the discovery of a hidden treasure (...), by the founder of the family (...). Finally, it is even more symptomatic that similar findings are, generally, strictly related to magic events or in any case of supernatural character (...). Wealth can be acquired only as an opportunity completely external to normal economic activities" (Pinna 1971, 88).

Attitudes and evaluations the Sardinian family does of social states, show that it tends to appreciate to the highest level ascribed status. (...). The family is correspondingly lead not to evaluate acquired status, or not to acknowledge them as such" Wealth as well is considered an ascribed status: it is owned, not acquired. (...) It must not and cannot be increased in normal ways, and it is not expected to follow, for example, the capitalist accumulation law. Consequently, everybody is content of asking the job done and the instruments available, to stay in the position one is in, not thinking, and not even supposing, it to be possible to expect anything else (Pinna 1971, 66, 86-87).

Social control in small village communities is stronger than in wider ones, and social mobility is minimal. Some authors state that criminal activities such as slashing cattle's hocks or sheep slaughtering, the destruction of vineyards, burning harvests would be the destructive expression of an "equalitarian tendency" in Sardinian society. However, if it is true that inheritance is equally parted amongst those that have a right to it (legally stated and stemming from ancient Roman law), or providing equally for all the children that intend to get married, it is equally true that social imbalances, even very strong, have always existed in Sardinian

villages. These behaviours can be interpreted as an attempt to maintain relative positions in the social ladder enforced not by the "hegemonic classes" but by the "lower classes", particularly so by the members of these latter on peers or people of lower status.

These attitudes are not new to social researchers: in South Africa, for example, the strongest opponents to reform in favour of the Coloured communities were the *armblankes* (the white poor) (Biagini 1984); in Northern Ireland opponents of lowest status are the most vociferous opponents to opening society towards the Catholics so as to co-opt them in the power structure (Biagini 1992, 1996). Generally speaking, entrepreneurship can be hindered or made easier by culture. Such action by culture starts at an early stage in primary groups (family, school, peer group), carries on in secondary groups and through public agencies. The entrepreneur appears to family and friends as is he or she does not have a precise role, as if his or her activity was either adventurous or immoral. Instead of becoming lawyer, medical doctor, mayor, member of parliament, farmer he or she plunges into the fray, becomes a gambler, an adventurer. Not even decision makers are free from such an attitude" (Alberoni 1960, 134). Even if all this was more true a few decades ago, in most communities it is very much the same as it used to be.

If envy has a large component that is geographically influenced, localization, distance, scale and geographical knowledge are variables that may influence social checks related to envy and, indirectly, entrepreneurship diffusion. It is consequently possible to envisage a relation between different geographical scales in changing attitudes. Globalization might therefore be, for static societies, an opportunity to become more dynamic.

### **Sardinia: overcoming isolation**

Sardinia, both historically and at present times, sums up many of the limiting factors of active integration and globalization: its insularity, its distance from important markets, its limited size and population, its rough morphology, its dry climate, its static and divided society. Historically Sardinia has been involved in a number of international economic circuits, political relationships and cultural influences. Where Sardinians are from is not known, although there are some elements to identify them with the Shardana, the people of the sea that fought as mercenaries in the Egyptian wars.



Although in those days they almost certainly knew how to sail, inexplicably this ability was lost with time. Sardinia was colonized by the Phoenicians, ruled by the Romans, under the Byzantines, allied with Pisa or Genoa, then taken by the Aragonese, afterwards taken over by the Spanish, eventually ended up with the Piedmontese.

Each domination put Sardinia in the orbit of its own influence and internationalization was endured rather than acted. After all its location, size, scarce population and static society made the island very vulnerable to external attack. Notwithstanding considerable cultural borrowings Sardinia developed a civilization with a number of original characters. The island's morphology, very rough and fragmented, has worked towards cantonalization of the island, each canton with a cultural individuality. What developed is a society, or a group of different societies, characterized by a limited action space, a sense of time based on the natural cycles, a profound respect for tradition, all in all a static society as any. Since the 18<sup>th</sup> century the Piedmontese attempted to modernize the island's economy, but the attempt was carried out in complete disregard of local cultures. Sardinian resources were exploited ruthlessly by the Piedmontese government and by their foreign acquaintances. With the unification of the Italian country, Sardinia followed the destiny of the southern regions, left behind in the development process.

Generally speaking the existence of asymmetries in globalization is not as negative as it is often suggested. In a spatial system, even when imports largely exceed exports and the presence of international interests is much more intense than the role played by local firms on the international arena, there is still space for taking advantage of the situation. This has been the case for countries such as Ireland, Taiwan or Singa-

pore where international investments have been smartly turned into intense internal development. Of course it has much to do with the way external enterprises approach the local market, whether the idea is that of deep exploitation with a sort of slush-and-burn approach or companies are available to build on local resources. On the other side, i.e. the local decision makers have to be really interested in favouring development to the benefit of the system rather than accept passively whatever foreign investors do or worse, exploiting the situation to their own benefit.

The population in Sardinia is aging. This favours the permanence of the society in a static condition. The problem is also that it is not generally acknowledged the idea that development is related to production, by every citizen. Everybody seeks rent positions. A considerable and exceeding proportion of the active population is employed in the public sector. (Fig. 2): about 44 per cent of population in working condition.

From the comparison with Lombardy, a region that is not known to be inefficient, highlights overabundance of the public sector in Sardinia. Another relevant proportion of the economy, one way or the other is dependent from the public sector: materials, public projects, consultancies. It is then necessary to add the number of professional politicians, mayors, province and region councillors. These people, when they reach the maximum number of service periods, are normally relocated at the head of consortia, areas with common problems stemming from a mountainous morphology called *comunità montane*, and other bodies. All in all, the share of the economy that is publicly controlled is probably very close to 70 per cent if not more, very far from the desired 30 per cent that some authors consider the maximum for a healthy economy (Conquest 2001). To this datum it is also necessary to add the number of pen-

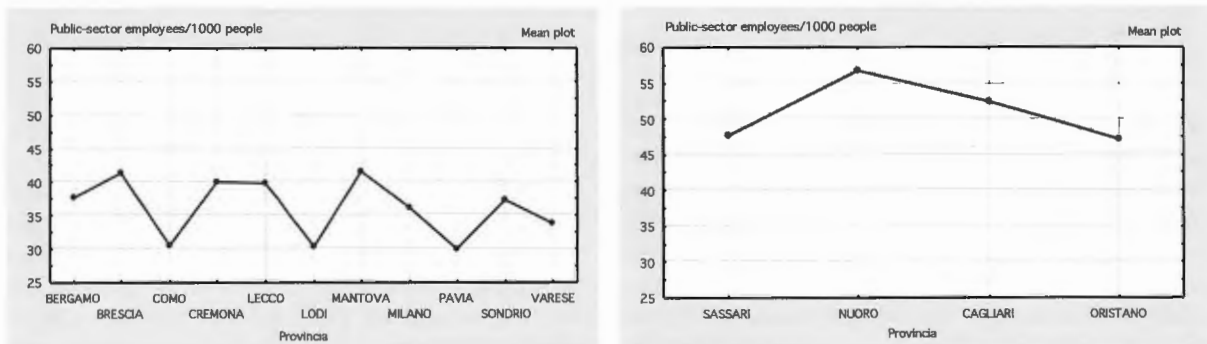


Fig. 2. A comparison between the Lombardy and Sardinian provinces on the number of workers in the public sector per 1000 residents, Source: ISTAT.

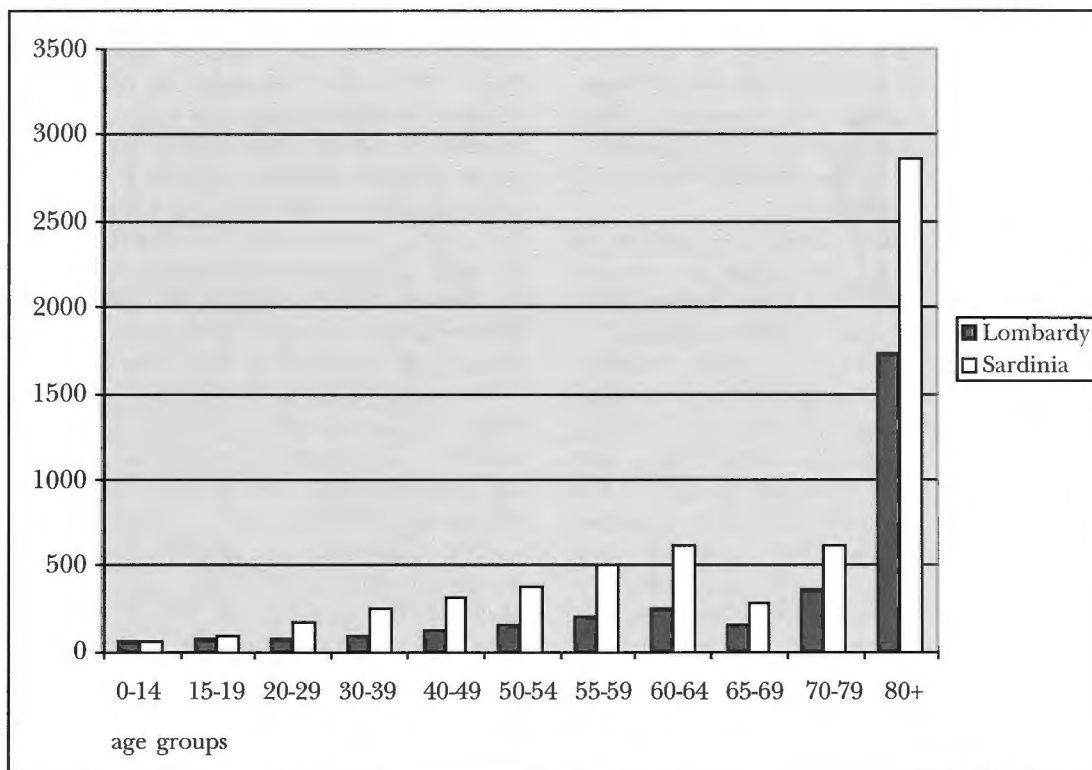


Fig. 8.3. Number of invalidity pensions per 10,000 people per age: a comparison between Sardinia and Lombardy in 2001. Source: INPS 2002.

sion holders and particularly the so called baby-pensioners (Fig. 3).

### An economic structure incompatible with globalization?

Today, the Sardinian economic structure is virtually completely based on small and medium size enterprises (SME), i.e. firms with a number of employees ranging between 1 and 15: even leaving out companies with less than 5 employees, SMEs represent 95 per cent of local economic structure that employ 60 per cent of the workforce.

Sardinia is divided into four provinces (this is still true at present but another four provinces will be created shortly, i.e. the previous four will be subdivided). These are quite unlike in size and socio-economic structure. Cagliari province counts about 59,000 enterprises (around 42 per cent of the regional total). The commercial sector is the most important in terms of number of firms (31.8 per cent compared to a national value of 28.0 per cent). Arts and crafts is the second important sector (25.3 per cent, Italy 28.6 per cent).

As far as size is concerned, companies in the micro-enterprise (1-2 people employed) range are over-represented as compared to the national average. In the province there are about 39,000 farms, 35.4 per cent of the regional total, 51 per cent of which operate on areas between 1 and 2 hectares. In total, however, entrepreneurship density, i.e. the rate between number of registered firms and residents in the area, is the lowest in the region (7.6). In Sassari province operate 41,300 firms, mostly commercial (27.7 per cent) and of the agricultural sector (25.2 per cent). Also important are the building sector (14.2 per cent as compared to the national value of 12.9 per cent) and the hospitality sector (6.3 per cent, national 4.8 per cent). Entrepreneurship density is 8.9 registered firms every 100 residents. Oristano province counts 14,600 enterprises, the last in Sardinia and the 94<sup>th</sup> amongst the Italian provinces for this index. Agriculture is represented with 40.9 per cent of the total (Italy, 20.9). Commercial and building sectors account for 24.5 and 10.5 per cent respectively. Entrepreneurship density reaches 9.4 per cent (Italy, 8.6). Nuoro province's productive structure is represented by 25,200 firms, a third of



which are active in the agricultural sector (36.4 per cent). 24.0 per cent of the registered firms operate in the commercial sector, while hotels, bars and catering in general represent 5.8 per cent, the highest value in the south of Italy, while severely under-represented are services to business (3.5 per cent) and credit and insurance (0.7 per cent). Entrepreneurship density equals 9.2.

With an economic structure as the one summarised above, it is not surprising if Sardinia's level of internationalization is far from impressive. In 2002, Cagliari province exported goods for € 1.65 billion, i.e. 78.1 per cent of the regional total, while exports from Oristano amounted to € 50 million and from Sassari € 0.3 billion. The export propensity, i.e. the percentage ratio between export and total added value produced by the area's economy in that year, equalled in 2002 15.8 for Cagliari province (23.9 for Italy as a whole), 4.7 for Sassari, Oristano 2.5 and Nuoro 2.8. Destination of Sardinian export characterized by a large presence of unusual or marginal markets: the first destination for export from Cagliari province is Spain, while among the first 10 destinations EU countries are under-represented whereas appear countries such as Croatia, Malta, Libya, Tunisia and Slovenia. Such an anomaly may be explained by the large prevalence in the exported goods (3/4 of the total) of refined oil products. In the classification of the 10 top destinations of export from Sassari province the first is the USA, then 7 EU countries and finally India and Canada. Even more unusual is the composition of destinations from the Nuoro province, lead by Congo, then the USA, Spain and France, finally Norway and Hungary. About 50 per cent of export from Oristano province are absorbed by Libya, then Germany, France, Spain, the Netherlands, the United Kingdom and Sweden, finally USA, Argentina and Peru.

The balance between import and export gives an idea of the asymmetry in economic globalization, or, more aptly in this case, internationalization, relationships. In the classification of the top ten countries of origin for import towards the Cagliari province we find that nearly 60 per cent of the total come from Libya and Iran, while there are three European countries plus Kazakhstan, Norway and Azerbaijan. The top ten countries from which Sassari province imports goods are lead by France, followed by Venezuela and Libya. France is the main partner as far as imports towards Oristano province are concerned, while the USA follow next. The third and the fourth positions are occupied by Argentina and Turkey: the

countries of America account for around 30 per cent of the total import value. Less surprising is the list of major partners for Nuoro province with France, Netherlands and Germany in the first three positions, while it is the only province to have import relationships with Uzbekistan.

The attitude towards establishing relationships to an international level can be gauged employing the openness rate, i.e. the percent rate between total value of external transactions (sum of import and export) and the total added value produced by the economy in that area and in that time unit. The openness rate for Cagliari province equals 44.7 (value for Sardinia 23.7, Italian average 47.0) and occupies therefore the 45<sup>th</sup> position in the national province league. Extremely low is the degree of outgoing attitude for Sassari, Nuoro and Oristano provinces, with openness rates respectively of 9.6, 4.0 and 9.6.

The local industries better able to survive are those having an exogenous origin, as it is the case with oil products constantly representing over 50 per cent of export, as well as traditional products such as cork, food and drinks. Artificial fibres, and therefore most of the industries located in inner Sardinia, are in a deep irreversible crisis. In any case the situation is not sustainable in the long run, as the value of export from Sardinia as a whole is only 55 per cent of imports. So far wealth has been provided by external public subsidies, but this source will be probably unavailable in the future because of the agreements, the EU policy on public national subsidies, and the need to redirect resources to the EU newly joined countries.

The "General Report" produced by a partnership between CNA (*Confederazione Nazionale dell'Artigianato*) and API Sarda (*Associazione delle Piccole Imprese*) reveals that SMEs would be very interested in trying to export their goods and services and to take advantage of foreign commercial and production cooperation opportunities and to acquire exogenous know-how and to reach international financial resources. However, difficulties are considerable: lack of knowledge about markets and financial systems in target countries is the most relevant one. Insufficient development of transport and communication infrastructure is also well acknowledged. Firms have also internal limits, the most relevant of which is the insufficient trade area and inadequate marketing effort (CNA & API Sarda 2003).

Generally speaking SMEs benefit from strategies that allow them to overcome initial disadvantages, namely smaller scale economies and market uncertainty. In Italy as a whole, SMEs have been





able to compete efficiently thanks to the creation of external networking economies. This is true in Sardinia as well. The most dynamic enterprises are those that cooperate most with other enterprises and institutions. Therefore, public decision makers are important because they determine the general environment within which enterprises operate, for example with management of education and justice systems, but also are able to influence birth and growth both by direct policies, such as subsidies and bonuses, and indirect, such as services and infrastructure. Public intervention, nonetheless has had negative effects as well, as has prevented the bank system to be sharpened by competition, its subsidies have usually gone to the advantage of capital intensive activities and general efficiency has lagged behind.

This distortion in the market may be perpetuated if the number of rent seekers is such that competitive activities are lead out of the market. Rent seekers are able to sell products and services at a lower price than the competitive companies, and if rent seekers are numerous the whole market will be distorted. The more the rent seekers, the less profits for competitive companies, the more the number of potential rent seekers. The rate of rent seekers in the market may be considered a symptom of a static society. The EU has imposed strict rules to which countries must adhere when applying measures to support SMEs: the *de minimis* subsidies. They try to preserve at the same time stability, efficiency and competitiveness within the market. This is why measures that impact on the administrative, tax and finance environments are encouraged, together with access to information, research and innovation.

In the study by OssInd (1993) the interviews were focused on three main themes: which regional policies were considered to be more effective, whether financial subsidies, education or infrastructure creation, and which of those were more in need of amelioration. Answers were generally critical and most opinions denied effectiveness and stated the need of serious amelioration. In most cases what is asked is more space for the market. However there is a failure of the market that afflicts SMEs as compared to larger companies: the latter are able to offer more reliable warranty and are more able to access credit. Sardinian banks tend to exclude high risk projects, taking no care of their profitability. This behaviour is typical of static societies. Respondents blame insufficient infrastructure, particularly as far as internal transport networks and energy distribution systems are concerned. However, roads are more than ade-

quate to meet demand and, although there is not a gas distribution network, all these difficulties can easily be overcome through technology.

A more serious problem is that of accessibility to foreign markets. Of course the ability to sell in markets wider than the regional one is extremely important if a company's goal is growth. However, for local enterprises it is extremely difficult both to satisfy the qualitative and quantitative standards necessary to be competitive in those markets and to get sufficient information on demand in those markets. All such information can be seen as a legitimate part of the sense of space of a particular segment of society: the entrepreneurs.

In order to analyze the asymmetry between active and passive globalization it is necessary to look at the rate between import and export flows, both in volume and value. Detail can be added by analysing country of origin or destination of international trade flows. It should be also taken into account goods categories so as to highlight the technological level of the island.

The tendency to growth is significantly affected by the type of company. Capital companies are 50-60 per cent more likely to grow (in employment terms) than people companies. The regional government together with the Foreign Trade Ministry have joined in a project to facilitate export from Sardinian firms. Its role is to promote and coordinate the action of national institutions such as the ICE (Istituto per il Commercio con l'Estero, Foreign Trade Institute), the SIMES, the SACE, that manage national intervention supporting export. The regional government encourages internationalization of Sardinian firms, promotes a coordinate network able to fully exploit the instruments offered by national and regional legislation supporting export and internationalization of subjects involved in export activity in the Region: Chambers of Trade and their foreign subsidiaries, associations, bank system, exhibition bodies, local decision makers and regional agencies. The board is expected to provide information, help and consultancies regarding services towards company internationalization, promotional, financial and insurance backing up. The board involves, together with the political actor, the Regione Autonoma della Sardegna, and the ICE, the SACE and the SIMEST, the regional chambers of trade, Consorzio Ventuno, a public innovation body, some organizations of Sardinian industrialists (BIC, OssInd) and representatives from all economic sectors.





## Transport: cause or result of integration?

As globalization is a process of integration, a key role is played by transport and logistic services. The distribution of accessibility, due to morphology and infrastructure provision, is such that even inner integration is not that easy and is far from being satisfactory. In a sense, the structural difficulties that have influenced Sardinian economic and political history are still at work, originating an intractable vicious circle. Geography (i.e. insularity, size, morphology, pedology, climate) has influenced population size and location, which in turn are such as not to make it a cheap task to serve them with transport infrastructure: in fact, in 2001, there were 51.47 km of roads per 10,000 inhabitants, compared to 29.91 for Italy as a whole, but only 0.35 km of roads per km<sup>2</sup> (Italy 0.57).

As far as external transport is concerned, insularity dictates the modes of transport: either by sea or by air. Sardinia is served by three main international airports – Cagliari-Elmas, in the south, Alghero-Fertilia, located in the north-western corner of the island, and Olbia, on the north-eastern coast – and by the following small and large ports: Arbatax, Porto Foxi, Cagliari, Portovesme, Carloforte, Sant’Antioco, Calasetta, Alghero, Porto Torres, Olbia, Golfo Aranci, Santa Teresa di Gallura, Palau, La Maddalena, Isola Santo Stefano, Porto Cervo. Globally, import and export to and from Sardinia is carried mainly by sea: 99.99 per cent in weight and 99.35 per in value (Tab. 1). The different modes of transport cater for goods of quite different value. It is also possible to highlight the general asymmetry of the Sardinia-rest-of-the-world relationship. Most of the volume of sea trade is made up by oil products to and from the Porto Foxi terminal, related to the SARAS refinery. Between 1991 and 1998, seaborne trade has grown by 8.6 per cent, compared to 18.2 per cent at the national level.

Passenger transport to and from the island is

again channeled on the airports and ports. Passenger transport have soared in the last decades particularly in connection with the development of a increasingly significant tourist economy and with a general economic growth. The number of passengers transported through the Sardinian airports grew from a figure of 2,660,312 between arrivals and departures in 1991, to 5,433,121 (+72%). The three airports have been recently enlarged and refurbished: Cagliari has undergone an investment of € 66 million, taking the working surface to 35,000 m<sup>2</sup>, more than doubling the covered area. Deep change have been brought in the air transport market by the so called ‘low cost’ companies: they sell no-frills journeys at a price that changes day by day, and sometimes at a symbolic price. Ryanair, an Irish company, has been a pioneer in this segment of the air transport market. It started in the year 2000 with the route Alghero-London Stansted (147,771 passengers in 2002), then, after the early success, other routes have been added since January 2004: Alghero-Girona and Alghero-Frankfurt. VolareWeb and Aerolloyd, two low-cost companies, fly respectively from Cagliari-Elmas to London-Luton, and from Olbia to Munich.

In Sardinia, the maritime passenger transport between 1991 and 1998 has grown by 15.6 per cent, from 9,880,000 to 11,417,821, but by 62.1 per cent at the national level. Direct sailings between Sardinia and foreign countries in 1998 accounted for 173,088 arrivals and 175,418 departures. From the 1990s there have been a number of improvements in a service that was traditionally very poor as far as quality and passenger well being was concerned. In general, transport statistics, both in the seaborne and airborne sectors, show an increase in the level of traffic between Sardinia and the rest of the world. It underlines an increase in the degree of integration between the Sardinian economic and spatial systems and the rest of the world.

Tab. 1. Import and export flows to and from Sardinia in 2003, by weight and value. Source: ISTAT 2004.

	By Sea			By Air		
	By weight (Tons)	By value (€)	Ratio value/weight	By weight	By value	Ratio value/weight
Import	10,689,832.5	3,643,831,613	340.8	310.1	24,961,957	80,496.5
Export	4,223,606.3	2,149,760,361	509.0	388.2	12,904,257	33,241.3
Total	14,913,438.8	5,793,591,974	388.5	698.3	37,866,214	54,226.3

## Telecommunications: the end of insularity?

Development is a process ruled by probability, not by determinism. It is more likely that innovation arises from the centres at the top of urban hierarchies. This, apparently, is not always the case, as it happened in Sardinia that has become land of pioneers of modern telecommunications. Tiscali, the name of an old village hidden in the centre of Sardinia, has become the name of a leading Internet and communication company. Tiscali was established in Sardinia the 1<sup>st</sup> of January 1998 following the liberalization of the Italian telecommunications market, when the first prepaid phone service for residential users in Italy was launched. In March 1999 Tiscali launched the first free Internet access service, giving a boost to the growth of the Internet market, and becoming one of the main European firms in the sector. Between 2000 and 2001, Tiscali took over more than twenty telecommunication companies in order to strengthen its position across Europe, Middle East and Africa. It operates now in fifteen countries.

The development of a proprietary optical-fibre network has enabled Tiscali to gain a competitive edge over its competitors. Today the group offers a 12,000-kilometre long optic fibre network that crosses all of Europe and a series of Metropolitan Area Networks, covering over 30 major European cities and reaching a total of 60 PoPs.

Tiscali has over 300 peering-partners throughout the world (<http://www.tiscali.it>, 2003), and has a turnover of € 750 million. This success might consolidate by moving to a more central location from its present headquarters, which are still in Cagliari. The man that made this enterprise a miraculous (for Sardinia) reality, Renato Soru, known in the island as Mr Tiscali, was borne and bred in Sanluri, a small town in the south of Sardinia where entrepreneurs are not seen with suspicion but rather find a competitive environment where activities arise and flourish. In Sanluri, for example, started her activity Francesca Lecca, a young shoes and fashion designer that operates shops in Sanluri, Prague and London. However, Sanluri is probably not enough: Renato Soru attended the Bocconi University in Milan. After taking his degree he worked in a merchant bank in the same city. This has not been an isolated case: the first Internet provider in Italy, VideOnLine also started up in Sardinia, established by an original character, Mr Nicola (better known as Niki) Grauso. Dr Soru, entered the telecommunication business in 1996 with 300 million lire to acquire

Grauso's Czech On Line, Internet service provider of the Czech Republic.

Although Tiscali is still an important reality, it has shared many of the vicissitudes that the New Economy has endured: Tiscali shares are continuing to slump from the peak reached in the late 1990s. In a sense, the Tiscali company is a victim of the same speculative bubble that affected the so called New Economy at the end of the 1990s. At the start up, the share value grew from € 6.6 reached its peak on March 3, 2000, i.e. € 115,70 (+1650%). After that peak it crashed and on October 5, 2004 it was quoted at € 2.93. The decision taken by Mr Soru to run in the regional elections in 2004 has produced opposing interpretations that have not been taken lightly by the market. However, the board of directors has appointed a new CEO, the Dutch Ruud Huisman. Tiscali has also changed its strategy: it has become a provider of telephone accesses, by taking control of the so called 'last mile'; it has also entered with decision the broad-band Internet access business (Anzani & Caffaratti 2004).

In order to recover from the crisis, Tiscali has decided to give up its interests in Switzerland, Norway, Sweden and South Africa, concentrating the business in the largest European markets: Italy, France, United Kingdom, Germany and Benelux. The good news is that the major problems by which Tiscali is troubled do not spring from insularity.

Such an early development of Internet in Sardinia has not been followed by a more widespread and capillary diffusion of Internet as compared to mainland Italy. The situation is quite uniform and at the regional scale, Internet diffusion amongst firms varies between 72 and 77 per cent. By the end of 2002 there were 64,303 companies with an Internet access and the number should top to 77,363 by 2006, i.e. the percentage of connected Sardinian firms is at present 73.5, while it should grow to the 88 per cent within the next four years. Although data are encouraging, the reality is that most companies use Internet for e-mail post-boxes and catalogues browsing and general information search, but very few of them use it as an integrated marketing tool to project firms' activities on the international arena. This is in accord with the structure of the Sardinian space economy.

As we have seen, globalization in Sardinia is generally endured. This feeds the autonomist and even separatist political propaganda, that exploits the easy parallel: globalization equals domination. However, it has to be stressed that exogenous inputs are helpful in pushing a certain social and



economic system in general, and Sardinia in particular, toward increasing dynamism. It is particularly so when the innovation coming from outside is a complex product inclusive of marketing techniques, merchandising, and business data analysis strategies. It is the case of franchising.

### **Franchising: exogenous innovation and dynamization**

The term 'franchising' has been used to describe many different forms of business relationships, including licensing, distributor and agency arrangements. The most popular use of the term has been originated from the development of what is called 'business format franchising', i.e. the granting of a license by a person (the franchisor) to another (the franchisee), which entitles the franchisee to trade under the franchisor's trade mark and name and to make use of an entire package, all inclusive of the elements needed to enable a previously untrained person to run a business and of a continual assistance on a prearranged basis. The franchisor will get a fee at the beginning from the franchisee, plus on-going management service fees. In return, the franchisor has an obligation to support the franchise network, mainly with training, product development, advertising, promotional activities and different management services. (British Franchise Association, <http://www.british-franchise.org/whatis.asp>).

Franchising is an example of organisational network: it provides a way of overcoming distance 'friction' that makes interaction difficult, activating the internationalisation of elements between economic systems. Franchising can warrant self-employed and small firm owners access to a wider organisational know-how, as they have to comply with the production and management systems set by the franchisor (OECD 2000). Franchising is a kind of complex round out of exogenous innovation, which is able to induce change in a number of factors of development and, if sufficiently spread, to budge the static nature of a society.

In Italy the franchising formula is characterized by intense growth of the franchisors and affiliates numbers. At the beginning of 2003 there were 709 brands, with a growth of 3,2% as compared to 2002. The total number of franchisees was 36,547 in 2001, and reached 39,315 selling points in 2002, a growth rate of 7,6 per cent. Italian franchisors operating on foreign markets are about 120, i.e. 17 per cent. This form of business employs about

96,000 units (+2,6 per cent as compared to 2002), while turnover amounts to € 14 million (13,2 million in 2001). As far as country of origin of the franchisors is concerned, it is as follows: Italy 91.7%, USA 3.0 per cent, France 2.5 per cent, Spain 0.6 per cent, Great Britain 0.3 per cent, Austria 0.3 per cent.

Sardinia represents 0,7% of the Italian franchisors and 0,3% of the franchisees. "of particular interest are the provisions recently laid out in the 2002 financial act (Article 52, part 77 of the 488/2001 Act), which, in the area of business incentives for the commercial sector, provides for financial incentives for "investment by firms which are part of business chains, even in the case of franchising". In this context we can set the incentives provided by the public company 'Sviluppo Italia', an agency the government has set up to promote development, in favour of franchising projects by residents in southern Italy and in the economically depressed areas of the country. The aim of this policy is to favour the spread of franchising in areas where, as we shall see below, this practice is still not widespread. The data for the individual regional outlets show a marked concentration of franchisees in several regions. In particular, 36.4% of the total sales outlets are concentrated in Lombardy, followed by Veneto with over 11%, Piedmont with around 10%, and Emilia Romagna with 9.3%.

Data show that in Lombardy four franchisors (Il Fornaio, Tecnocasa, InSip and Buffetti) run 56% of the franchisee chains. These statistics reveal the prevalent regional and/or interregional context of many franchising networks, as well as their marked territorial localism. (Sardinia 5 franchisors, equal 0.9 per cent of the number of franchisors at the national level) (Majocchi & Pavione 2002). Despite the positive performance of franchising in Italy, there are still some critical problems.

In this regard the data on franchising reveal a high turnover of brands: dozens of franchisors abandon the market each year. Moreover, less than 5% of the chains exceed the threshold of 100 franchisees, which represents the optimal minimum level of national diffusion for most businesses. There are even fewer franchisors that stand out for their ability to consolidate their business and systematically utilize widespread communication networks. Finally, an additional critical factor is connected to the quality of the relationship between franchisor and franchisee, especially in terms of continual assistance and communication. In fact, in many cases the efforts of the franchisor

are focused on the growth of the network and the start-up of franchisees, neglecting or underestimating the need for systematic dialogue and interaction between the two sides (Michel 2002, Majocchi & Pavione 2002). "If we consider the franchise agreement as a co-operative agreement among entrepreneurs (Baucus & Human 1996), the role of the franchisee becomes more important and the final success of the agreement can depend both on the management ability of the franchisor and on the co-operative behaviour of the franchisee. This point has been mainly neglected in research theory concerning franchising networks. However, recent studies (Cifalinò 2001, Shane & Hoy 1996) have shown the significance of this entrepreneurial perspective on the part of the franchisor as well as the franchisee. In this sense the probability of success of a franchising network depends on the effectiveness of the co-operative behaviour of both sides. From this perspective the long and well-established tradition of cooperative network management in Italy (Lorenzoni & Baden-Fuller 1995, Lorenzoni & Lipparini 1999) seems one of the reasons that could explain the large success of the franchising formula in the country" (Majocchi & Pavione 2002).

Against this generally positive scenario for franchising, Italy shows some contrasting results when international franchising is taken into account. This is true both for the development of the Italian franchising network abroad and even to some extent for the development of the foreign network in the country. With regard to internationalization a characteristic of the Italian system – in part also a consequence of the average small size of the Italian production and distribution units – is the low level of international expansion. The low propensity to expand abroad is mirrored in the scarce weight the Italian franchising network has abroad. The number of franchisors with a significant international network is around 80 – roughly 13% of the total number of Italian franchisors – managing a network of 2,665 units. Most of this international network is made up of brands operating in the fashion business, a traditional sector where Italian firms in the world market are generally well placed. As it has been shown (Petersen & Welch 2000), international franchising can be a useful instrument in order to start an international expansion process. In this respect international franchising can be seen as a first step through which Italian firms can gain international experience which can lead to a more effective international development. The future of international expansion through franchising will therefore mainly

depend on the ability of Italian firms to develop international capabilities (Fladmoe-Linquist 1996), a capacity that seems critical for Italian firms in the future.

Concerning the presence of foreign networks in Italy similar observations can be made. The number of foreign franchisors is still limited, with a total of 69 brands operating mainly in the service sector: i.e., in those businesses where the competitive strengths of Italian firms are less developed but the market is growing faster. The conditions that assure a good expansion of this kind of arrangement in Italy – with the exception of the scarce resource motivation – still holds for potential new foreign entrants. Moreover, the strong specialization of Italian firms in traditional sectors like mechanics, fashion and furniture leaves a lot of room for new entrants in new fast-growing businesses like Internet services, new technologies and the like. The foreign franchisors that entered the market, initially American, French and English, have in part already taken advantage of this opportunity. For example, US firms, which are the main foreign investors in franchising (comprising 42% of all the foreign franchisors), operate primarily in the service sector. Around 50% of the American franchisors in Italy are in this sector, thereby taking advantage of the weak competitive position of Italian firms in the market.

The difficulty with the Sardinian market stems from its small size and the geographical polarization of its population. As far as locational aspects are concerned, the optimal position for the business success is in the city centres although in service franchising a central location is less necessary, whereas for goods such as clothing it is more important. In Italy, the catchment area required is usually an average of 56 thousand inhabitants. More in detail, 64 per cent of the franchisors require a catchment area with a population less than 50 thousand. 31 per cent of them require an area with people between 50 and 100 thousand people and 5 per cent require more than 100 thousand inhabitants, a condition not frequently found in Sardinia.

### **Globalization and identity: the challenge of immigration**

Until the 1970s, Sardinia has been a place from which people used to leave. Although relatively depopulated and with low population density, insular and more isolated than the rest of Italy, and therefore with emigration less intense than



other regions still between the second half of the 19<sup>th</sup> century and the last decades of the 20<sup>th</sup> a considerable part of the Sardinians left their homeland. This flow of population although had deprived the island of many of its more entrepreneurial sons and daughters (an average 0.3 per cent of total population between 1876 and 1930) also had established relationships with numerous other regions in the world and made enter geography in many people's minds. People was forced to change their sense of space as their action space, theirs or their families', widened. Destinations changed with time: between the Italian unification and the end of the 19<sup>th</sup> century 64.9 per cent of Sardinian emigrants went to Brazil; before World War I, France, the United States and Argentina received 25.7, 13.2, and 20.7 per cent of the flow; between World War I and the 1930s it was France that received the highest proportion of Sardinian emigrants (Rudas, 1974). During the Fascist period emigration was actively discouraged with the exception of the flows towards the colonies, Libya, Eritrea and Ethiopia. After World War II emigration flows are directed nearly exclusively towards the EEC countries reaching the peak in 1962 with nearly 10,000 people leaving Sardinia. By the end of the 1950s another phenomenon was appearing: repatriation was becoming more and more significant with a peak in 1962 with 4500 people returning home (Leone, Loi & Gentile-schi, 1979).

During the 1970s and early 1980s another change was under way: Sardinia was ceasing to be a source of emigration to become a destination for extra-European immigrants: 'coloured' pedlars started to appear on the beaches in summer, miners from Poland were employed in Silius, seasonal workers from the Maghreb picked tomatoes and grapes, women from the Philippines and South America were increasingly employed in domestic work, black girls from Africa and blond ones from the Eastern Europe replaced local prostitutes. Sardinia is now becoming a so called 'multicultural' society, and Sardinians are experiencing advantages and problems that such a condition entails. At the end of 2000 the registered foreigners in Sardinia were 12,918, scattered in 325 out of the 377 towns and cities of the island, although with some significant concentration in the main cities. These immigrants come from 130 different countries, i.e. about 70 per cent of the countries of the world are represented. This is the result of the great improving of international mobility, as it is much easier and cheaper to move around the world, and consequently highlighting a growing integration,

or globalization (Zurru 2002). The degree of difference and the aggressive nature of many immigrant communities are the potential source of major problems. We will examine the two groups that have cultures that show the lowest propensity to integrate: the Chinese and the Muslim. The Chinese came to Sardinia to run businesses: the first Chinese restaurant opened in 1987. In Cagliari there are now 15 Chinese restaurants, 20 in the Sassari province: although ethnic restaurants are a niche market, nonetheless they are in direct competition with all the other restaurants. The number of 'Chinese' shops in Sardinia has grown rapidly, creating problems to the local economy, particularly traditional clothing shops that are already under pressure because of the expansion of large out of town commercial centres. In Cagliari there are about 300 regular Chinese immigrants and a guessed 600 clandestine. Most of the Chinese immigrants in Sardinia come from Wenzhou, a port-city in the Zhejiang province.

Although it is well known the relative ease with which the Chinese community in Europe is able to put together considerable financial resources and lend them informally to newcomers, there is also widespread concern about the involvement of criminal elements. It is however very difficult to find probative elements about it: there is a "wall of silence" which is almost impossible to break and obstacles stemming from the presence of different interests, regional cultures, and dialects which can easily mislead local police and international investigators. From a political point of view it is important to consider that the flow of immigrants from China is actively encouraged by the government of the People's Republic of China that has reached full awareness of the usefulness of the *huaqiao* (emigrants) for the national economy both as a source of remittances (the second in the world by volume after the Philippines) and an opportunity for trade of Chinese goods (Onnis 2002).

The immigration of people practising the Muslim religion stirs up even more concern. Sardinia is the last region but three in Italy (immediately before Valle d'Aosta, Molise and Basilicata) as far as the number of immigrants is concerned. In the island, the percentage of immigrants on the total population is 0.8 per cent as compared to a national average value of 2.9 per cent. Between 1999 and 2000 the number of immigrants has increased by 4.3 per cent in Sardinia and by 10.9 per cent at the national level. There are no precise statistics on the religious affiliation of the immigrants and only some informed guesses can be made. If we



classify as Muslim every immigrant from the countries where the majority of the population practise that religion, results that they are 5547 out of the 12,918 foreigners registered in Sardinia the 1 January 2001 (43 per cent compared to a national 36.8 per cent) (Manduchi, 2002). The largest groups are from Morocco (2416 immigrants) and Senegal (1685 immigrants), followed, at a distance, by Tunisia (344), Albania (274) and Bosnia-Herzegovina (256) and other less significant nationalities. Notwithstanding the relatively small number of immigrants and the male predominance that would suggest a temporary character of their permanence, it is necessary to consider that, while in the rest of Europe it has taken twenty years to reach, through different phases, the stage of 'mature' immigration, i.e. with immigrants that become citizens and stay, in Italy, where immigration started, virtually unnoticed, at the end of the 1970s, it has needed ten years only. What is more, these are data on regular migrants. The number of illegal immigrants is utterly unknown.

## Conclusions

The world is becoming more and more integrated, although this process is far from being uniform and unquestioned. Sardinia is an example of a traditionally static society that has enjoyed a certain level of dynamism, translated in higher standards of living and a richer economy. However, demographic and cultural factors put such dynamism at risk. Globalization, i.e. the process of international integration in its double, active and passive, face offers many opportunities but challenges and difficulties as well.

Sardinians have a tendency to be inward looking, and have a culture were private and public envy, exacerbated by a small demographic size tending to discourage the entrepreneurial spirit. None the less, economic, social and cultural improvements, thanks to relationships and circuits in which the Sardinians may or may not be protagonists, have been experienced. A different attitude, particularly a different sense of space, or even of geography, is emerging. Internet, satellite communications, better and cheaper transport are giving Sardinia an historical opportunity. The challenge is to enter the globalization conscious of the own cultural and ethnical peculiarities, and to consider them as a strength rather than a liability. However, established identities follow the tough laws of demography, and the future, in this respect, is far from encouraging.

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