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TERRITORY, POLICIES AND GOVERNANCE

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THE WAY OUT OF TERRITORIAL DIVIDES
Boundaries, impartial spectators, participation
and outcomes

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Prologue: territorial inequalities have become a concern for business and political elites



“Unless policy makers grapple seriously with the problem of regional inequality, the fury of Trump-like and Brexit-like voters will only increase”

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Multidimensional inequalities and the authoritarian dynamic

- Territorial inequalities are deepening the **divides between people** living in:
 - rural (or inner) and urban areas,
 - static or falling-behind towns and thriving cities,
 - peripheries and urban centres.
- They reduce **people’s substantial freedoms** (Sen) in three general domains:
 - economic: income and private wealth,
 - social: access and quality of essential services and common wealth,
 - recognition: of one’s values, norms, role and aspirations.
- They produce an **“authoritarian dynamic”** (Sennert): intolerance for diversity; lack of trust in institutions and experts, demand for closed communities and tough authorities

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Territorial inequalities are not the unavoidable effect of technology or “globalization”, but largely the effect of wrong policies:

- Within the **general context** of a shift in common sense and of a U-turn in macro-policies (reversing the post-war keynesian compromise (Rodrik), abandoning the full employment target and anti-cyclical policies, weakening market regulation and anti-monopoly policies, weakening labour negotiating power) ...
- ... **three development policies** have fuelled the territorial divides:
 - Space-blind institutional reforms.
 - Public investments and tax measures passively accomodating agglomerations led by corporate decisions.
 - Compassionate compensations to weak and weakening areas.

A radical policy reversal is needed. The place-based approach “technically incorporated” into EU cohesion policy is such reversal.



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An MLG tackling knowledge and power in an innovative way

- **Knowledge:** MLG and instruments are designed which promote knowledge extraction in places and its combination with global knowledge.
- **Power:** Incentives are built that make it harder for local elites to act as rentiers, move national/regional elites towards space-awareness in otherwise space-blind sectoral policies and turn them into “fair and impartial spectators”(Smith-Sen)
- **These results are achieved through the following ingredients:**
 - Planning at place level a permanent space for heated, informed, open and reasonable debate to build a vision for the future and on how to get there.
 - Entrusting local elites with decision-making power, and external elites with the power to destabilise any attempt to curb that public debate.
 - Drawing the scale of the place (the boundaries) through the policy process.
 - Building and using intensively a set of context&outcome indicators on the place
 - Writing all the rules of the game as “incomplete contracts” (Hart-Sabel).
 - Committing national/regional sectoral policies to learn from the places.
 - Deploying competent, multi-disciplinary human resources on the ground.



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The triple value-added of the place-based approach

- **In general:** as opposed to the mere decentralization of decision power, which leaves unanswered the issue of how to disentangle strategy and programming from implementation, it offers a methodology for different levels of government to influence each other and to agree on a truly integrated strategy for each place.
- **In the presence of an authoritarian dynamic:** it makes it possible within each nation-State to address the demand for participation and the lack of trust of citizens by offering them a way to turn their anger into a commitment to increase social inclusion, rather than into intolerance and wall-building.
- **In Europe today:** the recent Commission's Communication repeatedly calls for the post-2020 EU budget to be built around a "European value-added", but then no vision is offered. By truly committing itself to the un-accomplished 2013 Regulation Reform, the EU would add two values, fundamental for the Union's own survival: 1) a methodology to truly reach out to people; 2) the upgrading of social inclusion/innovation as top priority.



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A focus on three features of a place-based MLG drawing from the Italian Inner Areas Strategy

- **Italian inner areas** offer an example of a clear territorial divide:
 - a failure to take care of the specific needs for essential services by people leaving in these areas is accompanied by a cultural stigma ("innovation and creativity can thrive only in big cities", "your small scale agriculture is not competitive", "your chance is to provide amenities for urban elites");
 - the potential of these areas is missed: offering an alternative to alienated urban life and providing a widening world middle class with the diversified agro-food-wood-paysage products that they are demanding. Signals of cultural regeneration involving mostly young people are also missed.
- Faced with this **paradox**, with a **strong demographic decline** and with **rising anger**, in 2012 the Government launched a place-based strategy for these areas.
- I use the experience accumulated so far as the main reference for a focus on three features of a place-based MLG: **1) the scale of places; 2) the division of labour within MLG; 3) the mix of outcome orientation and participation.**



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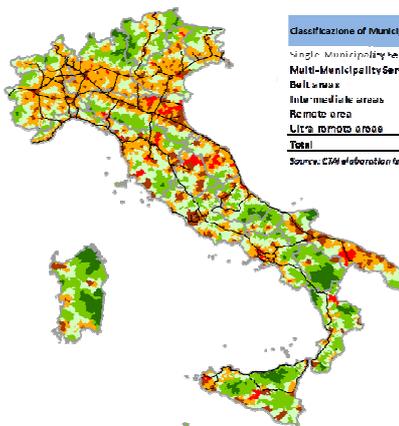
First focus: on places' boundaries and scale

- **What is a “place” in a place-based approach? Who draws its boundaries and how?** The “boundary issue” is possibly the most challenging one. But experience and theory offer us a solution.
- The starting point are: municipal administrative boundaries (democratic); multiple existing functional boundaries (environmental, water systems, cultural and paysage, local labour systems, etc); population density maps; maps measuring distance from essential services. **None of these must constrain the choice, but all of them must influence it.**
- The choice must then be made at the very beginning of the policy process, through a MLG and place level heated debate around **the following issues**:
 - Sharing a long-term vision, with complementarities and homogeneities,
 - Sharing common obstacles to achieve that vision,
 - Possibly being contiguous,
 - Being willing and able to choose an over-the-adm-boundaries leader,
 - Sustaining a demanding pressure by the nat/reg team to face up to and debate a detailed set of context&outcome indicators.

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The case of Italian Inner Areas

The main starting point was a map measuring the **remoteness of each municipality from essential services**



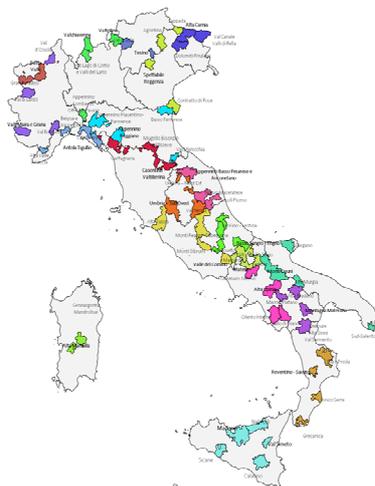
Classifications of Municipalities	N.	%	Average elevation	Population	%	KM ²	%
Single-municipality service center	211	2,1	128	20.923.667	35,9	28.084	15,6
Multi-municipality service center	129	1,5	195	3.208.676	5,1	6.726	2,9
Belt areas	3.571	44,1	219	21.190.877	37,3	84.235	27,9
Intermediate areas	2.371	29,3	399	8.852.881	15,9	68.101	23,3
Remote areas	1.520	18,9	601	3.799.018	6,4	72.541	24,0
Ultra-remote areas	290	3,6	655	637.775	1,1	19.113	6,3
Total	8.082	100,0	358	58.488.744	100,0	302.076	100,0

Source: CIA elaboration based on data from the Ministry of Health, Ministry of Economic and AH (Italian railway Network)

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The case of Italian Inner Areas

At the end of the process (about 2 years) the following “places” or project-areas were agreed through the MLG of State-Regions-Municipalities



Source: Inner Area Strategy
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At the actual stage, selected areas within the Strategy are:

- ❖ 72 project-areas with about 2 mln total residents and 1014 municipalities;
- ❖ on average: 15 municipalities and 29,000 residents per project-area;
- ❖ about 3% of Italian population and 16.7% of Italian territory;
- ❖ 52% of those 2 mln live in remote and very remote areas;
- ❖ 4.2% population drop between 2001 and 2011 and 2.3% drop between 2011 and 2016.

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Second focus: the division of labour within MLG

- **All three levels of government** “external to places” must play in the place-based approach the “fair and impartial spectator” role.
- **The EU** (namely the European Commission) is also well placed to play two roles:
 - Its distance from places and its top interest in making the Union being perceived as delivering social “rights”, make the EC particularly credible in destabilising local rentiers. This role requires deploying adequate human resources on the ground and overcoming sectoral siloses in Brussels.
 - The EC can influence all national sectoral policies in a space-aware direction, if the European Semester is endowed with a strategic tilt (Bachtler) and cohesion policy is turned into the tool to territorialise national strategies.
- **The State/Regions** must also:
 - Commit a small sectoral national budget to systematically finance place-based experiments in selected places, and learn through them how to gradually adjust space-blind policies to places.
 - Build small embedded (within Ministries) territorial units.

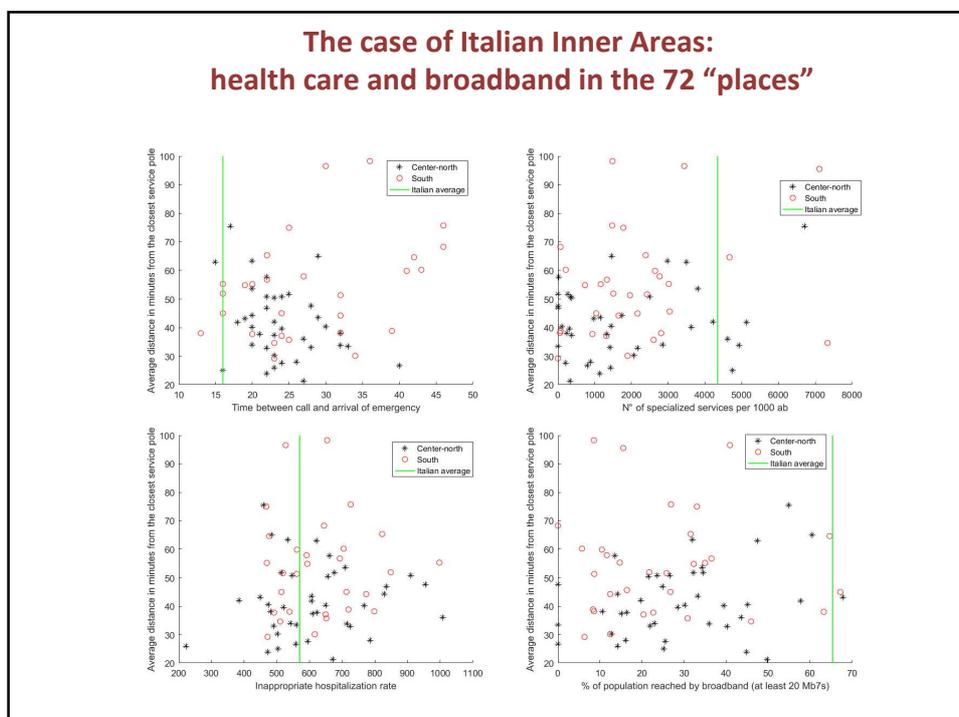
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Third focus: outcome orientation and participation

- These two features are **strongly interdependent**:
 - Outcome orientation is quickly turned into bureaucratic compliance if outcome indicators are not truly part of a heated and open debate.
 - Participation is an empty word, distancing people even more, if public debate is not informed by open, well-timed and clear information on outcomes.
- The 2013 EU Regulation for cohesion policy has made a **substantial technical step forward** in the right direction. But the over 2 thousand outcome indicators have not yet been used and no political focus has been built nor any attempt to ensure that they truly play a central role in MS's participatory processes.
- **Several steps can be made** to increase outcome orientation in MLG mechanism:
 - Using outcome indicators in drawing place boundaries through public debate
 - Making outcome the main topic of political discourse and communication
 - Using intensively simple charts and educating people to their use
 - Rising the minimum statistical requirement in the selection of public functionaries.


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Conclusions

- A place-based MLG is the appropriate way to address territorial inequalities and to deal with the rising authoritarian dynamic. It is based on a solid conceptual framework and on many experiences.
- European headquarters seem mostly unaware of this opportunity. This is at odds with the depth of the threat from the authoritarian dynamic and the concern for territorial inequalities by business and political elites.
- It is now the time to push forward the place-based approach and its innovative MLG methodology to deal with knowledge and power. It should be done with boldness and through a concerted effort.

Thanks for helping to move forward in this direction!

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