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Territorial Development, Territorial Gaps, Place-Based Policies, and Intervention Scales¹

Sviluppo territoriale, differenziali di sviluppo, politiche *place-based* e scale di intervento

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Abstract. The manuscript is willing to offer a comparative overview of the differences characterising the assumptions conveyed by two different and opposing modelling approaches for the conceptualization of territorial development dynamics (place-based vs. place-neutral) in a planning perspective. After briefly analysing their modelling, the article is devoted to the discussion of important limitations (traps) for territorial development, in particular from the perspective of “non-core regions”.

Keywords: territorial development, place-based, non-core regions.

Riassunto. L'articolo discute le differenze fra due diversi approcci alle dinamiche alla programmazione dello sviluppo, quello *place-based* e l'approccio alternativo e “neutrale” rispetto alle specificità territoriali, che sono le destinatarie dell'azione di piano ma non ne rientrano fra le determinanti. Dopo avere brevemente illustrato premesse e conseguenze dei due approcci, l'articolo discute alcune rilevanti trappole dello sviluppo territoriale, con particolare riferimento alle aree non-centrali.

Parole chiave: sviluppo territoriale, *place-based*, regioni non centrali.

1. Place-based vs. Place-neutral

Territorial development dynamics have often been addressed via studies and analyses of the most appropriate model for interpreting the distribution of economic activities in space. To put it simply, at least two currents of thought exist: one relates to increasing returns, and the other focuses on the localisation of factors.

The former focuses on scale advantages that derive from factors such as: spillover effects upon knowledge; human capital concentration; and proxim-

¹ The paper represents the opinions of the author. It is not meant to represent the position or opinions of his job Institution, nor the official position of any staff member. Any errors are the fault of the author.

ity between supply and demand. Conversely, the latter is based on permanent factors that characterise certain regions and make them excellent territories for economic activities (Davis, Weinstein 2001).

The presence of such forces within the distribution of economic factors poses at least three challenges in addressing the territorial development issue – and namely:

1. The presence of heterogeneous situations resulting from places' history and structural evolution, as well as from institutional choices made over time (i.e., uneven distribution of productive resources and activities, populations and economic wealth). The notion of resource allocation (meant in the standard model as "efficient" allocation between different types of productions) cannot be examined realistically without taking the spatial dimension in due consideration. In other words, the "territorial specificity" of economic facts does exist. Furthermore, the concept of "multiple equilibria" (in development economics aimed at taking account of multiple situations of more or less stable equilibrium) well matches territorial economics in the face of wide disparities between central regions and peripheral regions, due to multiple geographical, socio-economic and institutional reasons, and increased by large intra-regional gaps (Garretsen et al. 2013, 179-186).
2. Opposition between two development policy approaches, namely the "space-neutral" approach (i.e., the concentration of factors and resources in central regions should not be opposed, as it tends to maximise the "yield" of factors) and the "place-based" approach, which takes note of multiple equilibria within economic development dynamics, and envisages the implementation of interventions in underdeveloped areas through "baskets of public goods", aimed at fulfilling the unexpressed potential of less developed regions (Barca 2009). Major conceptual development, common within such approaches, lies in strong awareness of the key role geography plays within policies aimed at aggregate economic growth (Varga 2017).
3. In disadvantaged areas, the need to act on specific territorial situations (e.g., interregional and intra-regional heterogeneity), and work on rooting (e.g., human capital in territories), contiguity (between local specialisations and ways how such contiguity can give rise to productive diversification) and connectivity (with central regions and global markets, also strengthening local companies' knowledge base) (McCann, Ortega-Argilés 2013, 2016).

Two further considerations can be inspired by development economics to address the issue of inter-

territorial gaps and "traps" within peripheral territories. One consideration relates to the theory of failure in the domain of inter-actor coordination to cross the threshold between *underdevelopment* and *development*. In economic terms, it is a matter of taking into consideration specific elements such as the relative remuneration of factors in one or the other situation, hence assessing the incentives to cross such threshold. In this perspective, the risk is to be faced with *backwardness traps* and *social traps* (Seravalli 2006).

As to the former, (backwardness traps), the threshold effect stems from the perception of the cost of transfer from one development model to another (from less productive economic sectors to more productive sectors, from a system of small enterprises to a system of business networks, from a system with low-skill human capital to a highly-qualified system).

Conversely, the latter (social traps) are dictated by the inability to generalise initial investments or partial investments towards development, for prevalence of uncoordinated choices and incorrect perception of long-term benefits.

Overcoming the two traps requires crossing the information barriers between actors, and implies coordination and, above all, supply of common goods that help lower the costs of crossing the threshold. It is also worth evaluating the role of inclusive multi-level governance mechanisms able to enhance the competitive capacities of territories in terms of knowledge and human capital.

The other consideration relates to the role played by the history of a place or region in strengthening divides and gaps in terms of endowments and opportunities (Ray 2000). Development models revealing the *path-dependency* nature also highlight the complexity of getting out of these situations. A decisive role can sometimes be played by coordinated innovation-oriented policies or standards compatible with the previous ones, aiming to reduce adaptation costs and the related set of expectations these policies carry with them.

2. And the Non-core Regions?

What kind of development is therefore possible in non-core regions?

While it is deemed essential to construct differentiated policies for each territory (the so-called "one size does not fit all" principle – namely a "one size fits all" solution does not suit territorial policies), it is however complicated to outline the contents of these policies, in particular as regards the parameters related to people's

well-being and territories' well-being². In this context, the multidimensionality of territorial situations as diversified/relational spaces must be traced back to the reconciliation of efficiency and equity aspects and, at the same time, of quantity and quality³.

As repeatedly highlighted by Pike, Rodriguez-Pose and Tomaney (2006), the two dimensions (quantitative and qualitative) are not necessarily complementary. Territories can experience merely quantitative development phases, yet with a problematic qualitative dimension (short-term growth due to the increase in low-skilled jobs (e.g. construction sector); or *viceversa*, they can experience development phases with quality results (e.g. birth of one-two high-tech enterprises in a territory), although weak from a quantitative point of view.

Within territorial development, the dimension of "what" is closely intertwined with the dimension of "for whom", by virtue of socially rooted economic activities on which the concept of development is indeed based.

The challenge is now to make development not only "multidimensional" but also "equidimensional", and able to reconcile not only efficiency and equity but also the different perspectives of intervention. Such challenge also requires rethinking the experiences so far accomplished and translate them into different sets of factors and dimensions to which each territorial social group assigns a given value, thus deciding, based upon own conditions and characteristics, relevant factors consistently with the specific socio-economic and cultural context and particular historical moment (Ciapetti, Tasia 2015).

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² It implies providing social preferences with a concrete territorial form. On the dilemma of reconciling these two types of welfare, see the contribution by M. Storper, "Justice, efficiency and economic geography: should places help one another to develop" (2011).

³ The Barca Report defines *efficiency* as full utilisation of all local resources (natural, cultural, intangible, etc.) and *equity* both as equitable distribution of resources and maintaining social cohesion.