

POLITICAL LOCAL ACTION: WHICH ROLE FOR THE TERRITORIAL STAKEHOLDERS?

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Abstract

The Applications of analysis of this paper can be summarized as follows: “Does public intervention produce the desired effects?”; “What works and what does not, for whom and why?”; “How are the reasons for the failure of an intervention to be confronted?”. It is not always easy to answer to these questions, because the answer requires the identification of the causal link between the implementation of the intervention and the observed changes in the variables which will be affected by the intervention. We will try to do it in the following paper.

Keywords: Social sustainability, Territory, Development, Social capital, Economic growth.

The framework of this work is the union of theory and research on the local level, especially in the aspects of the analysis of the strategies for the active involvement of local stakeholders, and the mechanisms to activate the processes of mobilization – both internal and external to the territory – as well as actors and local resources.

Development policies are defined according to their purposes, levels of autonomy and choice of media and integration processes activated in relation to their economic, environmental and social sustainability.

In order to face the problem effectively, the analytical perspective could be labelled as policy analysis, perhaps an issue still little debated in the inland areas of Campania Region. Moreover, the prospect of the territorial analysis – a reference point for those who want to work in local development – takes into great consideration the quantity and quality of resources available in the

reference areas, so, even if one wanted to carry out an analysis of the relations centred on local development and focus around the ability of a certain territory to develop, the analysis of relations between existing actors on that territory cannot be disregarded.

The actors and the social relationships that they build and maintain, choose and activate the most appropriate resources development mechanisms. Again, the actors themselves decide what costs are sustainable for development and who, and to what extent, should participate in these efforts and share these successes. The focus on the local dimension is not to be intended in the sense of “rescuing”¹ a territory in a position of supposed immaturity, dependence or marginalization. On the contrary, this approach aims at enhancing its values, potentials and social capitals to put them in relation with the dynamics of development both at the national and international levels. Political resources and institutional capacity are the critical factors of the inability to get out of the institutional and territorial vicious circles, nevertheless they are also essential factors for creating and sustaining networks of social capital² that help develop and promote trustworthy relationships.

The objective of this study is the analysis of the emergency for new forms of sociality, from the transformation of the traditional ones: increasing productivity, supporting business, promoting sustainable and renewable development; opening culture to contemporary times and make it an engine for development; achieving an integrated territorial vision and ensure adequate personal protection and high social cohesion, supporting transparent and accountable public administration which are focused on results, encourage commitment and acknowledge merit.

Experience shows that the cases of successful local development are those in which the initiative grew from the bottom, thanks to the willingness and capacity of the local actors and their skills in solving problems.

This paper aims to analyze not only the general willingness to cooperate and trust, but also to understand the way the networks of social capital – if existing – may act in a small business community, located in an inner area of the South of Italy. The purpose is to assess whether an area

¹ Gabriel di Francesco, Everardo Minardi (curators) *Paradigmi sociologici per lo sviluppo locale*, Faenza: Homeless book, 2009, p.9.

² Literature on the social capital has widely shown that mutual interpersonal trust is a fundamental resource for the economic development, as it is the basis for cooperation, encourages the exchange of information between the parties – thus reducing the costs of the related research – and makes risk become acceptable by reducing the transaction costs.

with weak social capital networks, may still be able to develop mechanisms of entrepreneurial innovation, and what are the mechanisms on which these latter can be based. In recent years several scholars – among others, Gianfranco Viesti, Paola De Vivo, Carlo Trigilia, Carlo Donolo – have supported successful initiatives on local development and started thinking about the relationship between local development and the “Southern issue” (*questione meridionale*), stimulating significantly the discussion concerning the South, which has been further developed in the issues of territorial innovation studies carried out in particular by AISLo.³ This approach meant to support at the same time both the endogenous emergence of entrepreneurial forces and the building of an environment capable of producing those *intangible goods* – through cooperation between local actors – which Trigilia called “local public goods”⁴, necessary to build social innovation and sustainable development.

More than ten years since the policy of local consultation, it should be recognized, that the development policies of the South, in spite of the huge financial resources put into the field, have not produced, over the time, a constant sustainable development, because they determined inadequate growth, ineffective coordination and modest cooperation and it is clear to everyone that it is, in part, also a failed attempt to focus on accountability and the development of forms of autonomy of local actors and institutions. That is to say, a failure to change, for example, the South from the inside by forcing its territorial policies, by acting on the binding conditions that have historically hindered its economic and social development.

To summarize, we can say that local policies in the South have not succeeded their aim to build a local expertise capable of growing competitive local systems. The administrative efficiency in the management of European funds has been better managed when entrusted to the central government, rather than to the southern regions. This was due to the lack of organization of local authorities in southern Italy, who did not always properly draw the plans for the use of funds, then frantically tried to finalize them, moving the dynamics of policy development on other areas, with a different

³ AISLo, *Associazione Italiana Incontri e Studi sullo Sviluppo Locale*, is an association constituted some years ago by researchers, institutions and companies, working on local development, both theoretically and with concrete actions and decisions. AISLo is meant to be a meeting point for all those who, from different views and perspectives, work on the territory, study its features and elaborate strategies for its development.

⁴ Carlo Trigilia, *Città metropolitane e politiche urbane*, Firenze: Firenze University Press, 2009, p. 56.

volume of funds available. What the economy of the South is lacking, perhaps are the so-called intangible factors of development: the Institutional Capital and *Social Capital*.⁵

The concept of Social Capital is a relatively recent one, and is taking an important role in the current studies on economic and social development. It is used by sociologists and economists but also by international and local institutions as a hermeneutic paradigm, useful to explain social cohesion and relations between individuals and companies both in national and regional contexts. The first theoretical systematizations were provided by authors such as Bourdieu, Coleman and Loury, but it is Putnam who applied it extensively in the field of the international economics and political analysis. An American sociologist and political expert, Putnam gained wide visibility with the publication of *Making Democracy Work* (1993), where he explained the reasons for the economic backwardness of Southern Italy as the product of a reduced reserve of social capitals that had weakened confidence in local institutions, hindered efficiency and thus slowed the capacity of growth of the southern regional systems. A long series of theoretical and empirical analysis were born out of Putnam's study, with the aim to test the role of the social capital on the economic and social development. However, the difficulty of measuring the indicators of the social capital is already evident in Putnam's definitions, due to the multi-dimensionality of the notion itself: it is a matter of "norms, trust and association" with a complex mix of values, perceptions and individual or collective behaviours linked to "values, norms, relationships and institutions that build up social interactions and promote action by facilitating cooperation."

Institutional capital and social capital are two key factors along with human capital to create *governance* processes⁶ for the local development. The positive interactions between *Institutional*

⁵ Mariano D'Antonio, *Lo sviluppo economico: i fattori immateriali, nuove frontiere della ricerca*, Milano, Franco Angeli, 2008 p.204.

⁶ The interest – within the EU – about the *governance issue*, is a link to the awareness that new modalities are needed to make the European policy more efficient. The term *governance* indicates decisional processes in which both the public and private actors take part, as decision makers and executing actors. The term *governance* substitutes *government* in the European dictionary right in the moment when the private actors are becoming protagonists in the decisional processes, in areas of general interest, and the public institutions are opening towards a close cooperation in the administration, with the various expressions of the civil society. The concept of *governance* reflects the desire of the local institutions for a wider autonomy in making decisions, based on subsidiarity, so it imposes a *governance* model open to the culture of devolution. This modality implicates for the governance, on one hand, the shared responsibility of the different interested levels of power, being based on all the sources of democratic legitimacy and on the representativity of all the actors involved; on the other hand, the institutional ability to identify how the public institutions can find out and solve the problems regarding the implementation of strategies and programmes. Under this point of view, the

Capital, *Social Capital*⁸ and *Human Capital*⁹ are the driving forces for local development initiatives through the comparison of different good practices in many projects and in different local contexts. However, this has not always been the case. In fact, very often, after identifying the available funding and support, the business established have had an ephemeral life: just the duration of the loans granted. These spendings were intended to enhance action, but the only action achieved was the one of spending.

The budget, certainly not positive, of the regional institutions for development has reinforced a public opinion hostile to any reasoning on the local development of the Italian Mezzogiorno. The justified criticism of public policies, instead of stimulating the resumption of studies and interventions on local systems, has led to the removal of the problem and to a change in the final goals. So where to start again from?

The European Union has reformed the structural policy with the aim of achieving higher rates of overall economic growth. For the 2014-2020 period it is mainly supporting the innovation of products and production processes, even in regional policies. The change is significant. While during the 2007-2013 term the development policies were focused on the economic backwardness, it is now believed that the correct development policies are those focusing on innovation. In the concept of “growth and cohesion”, a greater importance is being recognized today to growth. Thus, an implicit distinction arises between a “more important” local development, the one driven by innovation, and a “less important” local development, being pursued with general policies: support to essential services, infrastructures, transport and communications, defence and exploitation of

ability concerns all the factors and conditions which enable the public administrations to elaborate and realize the programmes with the best performances. The reinforcement of institutional ability should be considered an essential condition to make policies more efficient, in terms of competitiveness, development and social and economic cohesion (Piattoni S., *La governance multilivello: sfide analitiche, empiriche, normative*, Rivista il Mulino n.3, december 2005 pages 417-446).

⁷ *Institutional Capital* is made of the decisional processes, the organizational ability, the support, the necessary public services (health, education, transports) and the resources provided by efficient public administrations, operating in mutual cooperation. Efficiency is given by the possibility of offering services, costs, contents to the community and the private companies.

⁸ *Social Capital* is a relational capital, a common good created and shared by people and the community, thanks to trust and mutual benefits, participation, cooperation, norms, formal and informal networks between society, individuals, organizations and groups of citizens.

⁹ *Human Capital* is the whole of *knowledge, skills e and individual expertise*, acquired through *learning, experiences, attitudes and common values* within a community and handed down from generation to generation.

environmental and cultural resources, administrative efficiency, public order. This leads necessarily to the need to configure complex development strategies which cannot avoid pursuing long-term goals, and must achieve intermediate goals and arise consensus¹⁰.

The reasons for the backwardness are of course many, but two in my opinion are the most common: 1) Local actors are more worried about the *status quo* than development; 2) Companies, organizations, institutions and communities have become self-referential. Regarding the first point, experience shows that, even if backward societies express instances of development, most of the intentions and actions are aimed at preserving the *status quo*, certainly not at changing it¹¹. The privileged members of society have both the means and the will to defend their privileges. The de-privileged components are objectively conniving for fear of an uncertain future and are satisfied with the patronizing welfare that dominant groups do not fail to provide. The second reason, that of self-reference is manifested in thin, closed and isolated social bodies, such as supply chains and networks (enterprises, organizations, institutions, communities). The openness and willingness to interact depends (also) on the productivity in a broad sense, i.e. the ability of any business, organization, institution, community and social body not to fear the others by knowing one is strong enough. But self-reference is also a potent and specific factor of backwardness. Preservation and self-reference reinforce each other and constitute a strong deterrent to the accumulation of human capital. Economic, social and cultural staticity is the reason for the best elements to leave, makes social mobility difficult and does not offer incentives to the quality of the educational system.

The backwardness in terms of human capital then affects society, since human capital contributes to the productivity of a given environment.¹² Preservation and self-reference are also a cause of non-proportionality between efforts and results of development policies, their long times, the risk of dependency culture and misuse of public resources.

We believe, therefore, that three of the four emerged elements (human capital, non-proportionality

¹⁰ “Policies oriented towards maintaining what is socially regarded as an adequate degree of cohesion may reduce the efficiency and growth benefits arising from market liberalisation and integration.” (Report Sapir- Ue 2003, p. 72)

¹¹ It is significant that the same local communities and many external observers recognize as a relevant result of the last 10 years of the regional development policies, the fact that the development has been considered a daily priority in societies which may have been otherwise static in the way of acting, but also of thinking, strongly negatively conditioned by the common conviction that nothing can change.

¹² See the publications in <http://www.dps.mef.gov.it/prodotti.asp>

of the results and their long times, risks of dependency), depend on social, cultural and economic backwardness that are in most cases self-referential. We identify therefore an idea of development that may be a process specifically designed to overcome them. It will focus on human capital, and can be set in motion only overcoming localized states and conservative backwardness and shall look at long-term results through local and intentional policies, but also set intermediate objectives whose achievement will depend on the involvement of all the local actors. The analogy between the process of local development, and the (radical and important) innovation – that we define as the productive application of new ideas – is direct; a change from conservative states (discontinuity); an intentional action that can only happen through the interplay of forces and agents at various levels (non-self), a change of the case with no predetermined outcomes with results dependent on intermediate outcomes and, for all these reasons, a localized process.

To overcome self-preservation it is necessary to consider the development policy as a learning process. In our country, as in others, both in history and in the more recent past, it is easy to find policies that are ended right when they were beginning to bear fruit, due to mistakes (actual or anticipated) or because the results were slow to come out. The persistence of obviously wrong policies cannot be justified. It should be considered, however, that evidence and errors are part of the learning process and cannot be avoided. Caution is essential in changing formulas and addresses. A careful monitoring and an evaluation function that allows recognizing the mistakes and learning from them, are also of vital importance. In practice the process of learning may fade when, with effective inter-institutional collaborations, the errors are hidden. The two syndromes, moreover, are mutually reinforcing. A policy ready to change with little foresight feeds a sense of impermanency. Such a widespread feeling justifies the indulgence of mutual distances and delays the effectiveness of interventions and outcomes. These disappointing results support the reasons for changing the goals, fuelling uncertainty, insecurity and impermanency.

We can now show the main themes that emerged: human capital; environment; non-proportionality between spending and outcomes, and their being time-consuming; the importance of intermediate results; risks of dependency; leadership; dialogue between local knowledge and external knowledge; rules and institutional structure as a key to credibility for political and administrative institutions. And we can affirm that all these concepts outline the main aspects of the experience and reflections on local development in the recent decades in Italy. *They highlight an idea of the*

development process which is often quite far from what it should be, i.e. the result of the encounter between the needs and the means and information meant to satisfy them. According to this idea the only or main problem (besides the magnitude of resources) would be that such information is not available just “to one mind”, but is scattered among many individuals and must be collected and reconstructed¹³.

The revival of a policy for the development of Southern Italy might start with a basic consideration. i.e. the awareness of the need for complementary policies: regional policies in support of local systems and a national industrial policy which – consistent with the strategic objectives of the reorganization of the national productive apparatus and giving an orientation to the market and production – may define all those opportunities that can trigger a virtuous cycle of growth enabling innovative initiatives designed to position the southern regions back among the competitors for the global leadership in innovation, since *it is within and beyond the capacity of a geographical area to innovate, that we face new opportunities for young people and territories.* The social research cannot always do much on national policies, because the definition of development policies – urgent and necessary – pertains in the first place to the political actors, who should be the first to be aware of the industrial decline of Italy. Unfortunately, this awareness is often absent both from the guidelines of the Government and the political debate in the country. In fact, it is the political forces who are responsible for defining the strategic guidelines to activate effective actions to face the loss of competitiveness of the productive apparatus, through the creation of innovative services to business, people, facilities and support policies for the protection of property and territory. Social research, however, can give a vital contribution to refuelling a debate on local development, because, on this issue, the plurality of stakeholders, the restricted territorial areas, the geographical and political diversity of the institutions and their close relationship with the territories may promote the experimentation of good practices and the resumption of a theoretical analysis and of case studies.¹⁴

The first contribution that the scientific community can offer to the actors involved is that of

¹³Di Francesco G., Minardi E. (curators) *Paradigmi sociologici per lo sviluppo locale*, Faenza: Homeless book, 2009, p. 91

¹⁴Pasquale Iorio, *Impresa sociale, innovazione e legalità*, Roma, Ediesse 2010

constructing a map of territorial competences. In fact, the identification of professional skills in the various regional areas is the most effective tool to define the various local systems, their spatial extent and their productive vocation. Through the map of the territorial competences we may offer the first practical tool for various local development coordinators – training agencies, development agencies, unions and business – to intervene actively on the territory and to negotiate with local institutions, on order to obtain effective policies supporting the vocations of the various local systems. Another area, in which social research can add a significant contribution, is the construction of reproducible models, obtained by extracting general rules from particular cases. The study, discussion and debate on cases of good practices developed in the various local systems should be used to derive general lessons, designed to test their reproducibility in different local contexts. In fact, local actors often affirm that individual actions are not reproducible. Social research can help solve this issue by analysing and sharing the individual cases, to draw lessons on how to modify the behaviour of the various actors. In particular, it would be useful to further extend the research on the environmental conditions that allowed the implementation of positive actions, by analyzing for example the motivations and evaluations according to which a given company decides to allocate a task in one place rather than another. Understanding the causes of success may be useful to remove the causes of a failure and to show the way to indirect policies for local development, as, for instance, that an efficient allocation of resources is an imperative condition to make a specific geographical area attractive. Social research, through the study of empirical cases, may help to define reproducible models of good practices concerning not only the local development policies, but also the possibility of reproducibility of the various initiatives. Another ground on which social research can play a positive role, is the analysis of ongoing activities under the Territorial Agreements, Strategic Plans and other regional initiatives integrated with the initiatives of the EU structural funds. The institution of a permanent observatory on these activities would constitute a formidable tool for knowledge, useful to fix errors when the process is still ongoing and to prevent possible money waste¹⁵.

The revival of local development goes through the awareness of the mistakes and the identification

¹⁵Pezzini M. Le politiche territoriali nei paesi OCSE, in *Le politiche industriali nelle regioni. Realtà e valutazione*, (a cura di) R. Brancati, Meridiana Libri-Donzelli, Roma, 2001

of the appropriate tools to move from the logic of spending to that of doing¹⁶

Finally, in parallel with the establishment of models of good practice and communication, the social research should focus its attention on the analysis of the effects of the actions taken within the policies local trading, also concentrating – where results are below expectations – on the identification of errors, the limits of the actions carried out and the causes for failures.

Starting a social research project of this kind and developing a sharing approach between all the agents and actors of the local development is perhaps the only possible way to place the local development and territorial innovation issues back at the centre of the debate and the political agenda of the country.

A honest analysis of the limitations and defects we are experiencing under the current public administration is the only possible way for those who think that a durable solution to the backwardness of Southern Italy may only come through the building and enhancement of social capital.

In addition, one of the obvious limitations in the policies of local development has been the lack of presence of the institutional capital, which is one of three strategic factors for development. And we all know well that social research can contribute to the creation of institutional capital only through a systematic research, highlighting the limits and defects of the local institutions – which are often characterized by administration practices resulting in a sort of “democracy without a project”. And we also know that in order to be reproducible, the institutional capital need two key factors: an increasing support from public resources and a reduction of the conflict internal to the administrations themselves.

The building up of the institutional capital goes through the awareness of the various social actors, who should bear in mind that, without a project for modernization of the local governments aimed to increase the efficiency and effectiveness of their work, they are going to run out even of those public resources currently distributed around to build consensus.

It is now widely recognized that the differences in economic performance of the various countries – even countries showing similar levels of physical and human capital – are largely determined by the

¹⁶De Vivo P., (2008) “Politiche comunitarie e Mezzogiorno”, Vincenzo Esposito, (curator), *Innovare il Mezzogiorno*, Guida Editore

different quality in the institutional capital. In other words, and it being understood that we are not attempting to decrease the role played by the geographical, natural and socio-cultural factors, it has become clear that today it is the institutional structure of a country the element that more than any other explains the quality and the intensity of the development process of a given community.

This new cognitive environment does not deny the importance of building and improving all the high-quality infrastructures that are the foundation of any planning. But it is no longer a single company that has to compete with the rest of the world: it is the system, the territory in which the company is embedded that acts as an added value and a driving force for the economy. The territory as a whole provides, along with business services and the proper functioning of the public administration, a certain degree of trust and reciprocity, creating a climate that is a prerequisite for any development. The primary focus of local and regional institutions is to create favourable conditions for attracting new business investment in the territory, such investments being the lifeblood of local development. The main goal should be to attract the largest number of stakeholders to promote the area. Local partnerships should not only gather the local stakeholders: above all, they should channel them toward the same project, in an attempt to create an agreement on a shared and – possibly – integrated project.

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