

4.1.2 Researching in geography beyond the spatial planning, matching science, theory and practice

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The participation of Economic Geography in public policies, in particular in European ones, highlights some scientific questions in relation to: 1) territorial diversity as the main factor for managing impacts and effects of the global crisis by offering endogenous and sustainable solutions; 2) the capacity of European policy to achieve these goals by means of general directives and common methodologies and procedures; 3) the potential of territorial dimensions to generate a competitive reaction to the crisis by translating general directives in endogenous place-based strategies and by applying a common planning methodology. In particular, this paper will discuss some main issues:

In relation to a more economic development approach, what was the degree of inclusion of the territorial dimension (in terms of place based evidence and capability) within the policies aimed at competitiveness and sustainability (Lisbon/Gothenburg Strategy ex ante evaluation) in the European context before the crisis?

In relation to a more integrated development approach, how the territorial diversity concept could be used to face the crisis and by what planning methods?

The aim is to reflect also on the decision making process, on how to recover impacts of the crisis and the gap between the regional adaptive capability and goals of the competitiveness re-launch (Europe 2020 Strategy). The introduction in the planning practice of new concepts, terms and localised phenomena studied by ESPON applied research appears a useful way to integrate and update the current strategic plans in a European shared approach. However, the main issue is related to new planning methodologies which are able to achieve the objectives of the Territorial Agenda 2020.

I. TERRITORIAL DIMENSION IN DEVELOPMENT POLICIES

ESPON 2006 applied research focused mainly on boosting European competitiveness, sustainability and governance[†] by looking at the European position in the global market. In order to complete the achievement of the Lisbon Strategy goals before the crisis, this focus especially affected the 2013 programming period.

In all events, the findings of both ESPON 2006 and 2013[‡] suggested that policy makers should take into account that the European position in the world was changing as a result of new globalisation challenges and of the new conditions of an aging workforce, energy risks, climate change, etc. (ESPON TIGER Project 2012). Secondly, new integrated spatial planning strategies and models would be required to deal with them.

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[†] Espo projects 2.3.2 (2007), 2.4.1 (2007), 3.2 (2007), 3.3 (2007), 3.4.1 (2007), 3.4.2 (2006). See: http://www.espon.eu/main/Menu_Projects/Menu_ESPON2006Projects/

[‡] For ESPON 2013 projects referred in this contribution, see:

http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/ and

http://www.espon.eu/main/Menu_Projects/Menu_TransnationalNetworkingActivities/

In 2009 and because of the crisis explosion, the changing process towards more integrated spatial planning ended (Davoudi, Strange, 2009; Faludi, 2009) and countries looked for intervention on economic, financial and social aspects while maintaining the traditional separated sector policies, and above all concentrated their actions on macro-economic drivers without paying attention to the territorial dimension. The widely – debated theme of territorial diversity lost its main ability, both to stress values of territorial cohesion, sustainability, social inclusion at regional level and to create new and different forms of bottom-up competitiveness.

Nevertheless this connection between territorial diversity, cohesion and competitiveness has already been pointed out by some economists: from Schumpeter (1954) - contrasting with the Keynesian vision - in relation to contents and categories acting in the field of macro-regional geo-economics in a period of crisis; to Porter (1990) with regard to the role of strategic localization and local demand in the micro-economic theories of enterprise agglomeration; or to Senn (1992) *in order to* design sustainable regional policies for employment.

The sustainability criteria erected pillars of development when Scott & Storper (2003) assumed that the regional scale (New Regionalism Theory) was the geographical basis of economic development, and the external economies are the necessary factors to make domestic businesses competitive. Cheshire & Gordon (1996) clearly speak of a 'territorial competition' phenomenon, which particularly affects the cities, and involves local policies for economic development.

A further aspect of the microeconomic analysis of competitiveness was related to the regional dimension of the phenomena, so it was attempted to establish which relations existed between competitiveness and its dimensions. Some contributions focused on the industrial district experience (Martin 2005; Jørgensen et al. 2006) and asserted how the peculiar characteristics of territorial systems can influence the employment and productive dynamics of the enterprises.

The reference to the local scale becomes important as it implies the idea that policies must be focused, before attracting international capital, on keeping a favourable environment for domestic business growth. As a result of these theoretical insights, the "territorial" competition phenomenon becomes the "objective" of the territorial policies which regions have to develop in a globalization context.

Several evolutionary and applied theories on sustainability present interesting suggestions for the development of territorial competitiveness in Europe. Among them, it is useful to mention the symbiosis and the ecological models that conceptualise the relationships between firms and natural environment.

Contrary to this approach, in the European Commission's vision, which is also supported by the Krugman (1995) and Kok (2004) analysis, internal and territorial factors appear less dominant on competitiveness performance, considering, within the theory of international exchange, the competitive behaviour exclusively related to the technological problem, the financial capital structure, the global financial pressure and the costs of a asymmetric information, etc.

This vision implies the adoption of the same "recipe" for all levels of policy action, from national to regional, simply by zooming in on a few indicators. A clear example is the policies

implementation of the Strategy of Lisbon/Gothenburg, focusing specifically on the 14 Indicators of the “Spring Report” (European Council 2004).

In the context of ESPON research and in contrast with this simplification, starting from a critical review of the huge amount of literature on the Lisbon/Gothenburg Strategy, the use of 164 indicators has been proposed – organized into 4 main determinants¹: Innovation&Research, Global/Local Interaction, Quality, Resource&Funds – to measure and to assess the territorial capability and sensitivity to achieve competitiveness in sustainability on a territorial cohesive basis at regional and sub-regional level in Europe (Prezioso 2006), compared to 2013 programming (Barca & Mc Cann 2011; Eurostat 2012).

Recommendations were made to policy makers to promote closer inter-dependence relations among economic and territorial (not spatial) variables according to different normative planning models. The inclusion of innovative tools and procedures, such as Territorial Impact Assessment at regional level or Strategic Environmental Assessment at local level, was also suggested to directly innovate planning methodology.

Supported by some practical applications on plans², all this work helped to complete the methodological revision which enabled the development of the Lisbon/Gothenburg Strategy in the European regions before the crisis, confirming the advantages of the adopted complex approach despite the resistance of the European Commission, which preferred simple and short-term solutions which were not related to territorial planning. The mainstream European line of thinking did not consider regional competitiveness as being something linked to the territorial capital and therefore exploitable only through the sustainable action of a plan. Subsequently, the design of the 2007-2013 Cohesion policy shows this approach.

Nevertheless, also thanks to the dissemination of ESPON results, new research in this field, which overcomes the concept of geographical space (understood as an indifferent and homogenous place), introduces territory (understood as a system of relationships between environmental, social, cultural and economic components) as a fundamental variable for each policy (Barca 2009).

However, faced with the crisis, this evolution does not seem to have influenced the strictly macro-economic requirements which are related to the reduction of public debt. This rigor has been coupled with the top-down offer of strategic empirical solutions by regional plans. International, national and regional trends are now interpreted in a different way, stressing the need to align the future cohesion policy to the Europe2020 aims, and to concentrate funds on the growth capabilities of the regions. The review of banking rules concerning territorial investments for entrepreneurship and the re-launching of employment, are a fundamental part of this Strategy.

Now in the face of this long-term crisis, a different approach in design cohesion development policies needs to be adopted. The economic dimension must be integrated within the territorial development plans. The contents and the forms of such plans would emerge as the consequence of sharing common critical thinking (by concepts, methods, tools, procedures, experiences, etc.). This revision of the spatial planning models (again rooted in functional and predictive town planning) should complete the European framework of structural reforms

¹ texturing and making a critical review of the territorial capability and sensitivity with respect to 2013 policies and programmes to re-launch the competitiveness *in* sustainability on territorial cohesive base in Europe. See the indicators' introduction in the ESPON 3.3. project and its revisiting applied to the territorial cohesion (Prezioso, 2008).

² I.e. Metropolitan area of Rome case study in ESPON 1.1.2 project; Veneto and Marche Regions and Province of Gorizia in Italy, provinces of Magnesia and Fthiodita in Greece, North and centre-South Regions and Capodistria Municipality in Slovenia, Metropolitan City of Sophia in Bulgaria, Bratislava Municipality in Slovak Republic in Cadses project Poly.DEV.

and should permit the adoption of measures which would not invalidate the efforts implemented by the European Union regions in the face of the 2007 – 2013 period of crisis. The debated concept of territorial cohesion is fundamental for these innovative competitive planning models, which are oriented at developing the local capabilities, the well-being of citizens and the quality of life.

Critical thinking confirmed this connection as being useful to face the crisis (see for all: Rodriguez-Pose 2010; Faludi 2011; Prezioso 2013) and suggested acting on the added value offered by territorial diversity and its potential for development (territorial capital. Camagni 2009). Those studies warned against: i) “destructive and harmful” effects that a fiscal policy - unique and centralized, limited to the solution of problems within the EU - would have generated without a wider economic policy; ii) some effects of a regional development policy that did not understand the close relationship between cohesion and *aménagement du territoire* (Faludi, 2011). In this context, the need for “good governance” was quoted.

Realized in most cases thanks to the Structural Funds 2013, public investment choices have followed sectorial logic elaborated at national level instead of evaluating the territorial demand on different scales (infrastructure, innovation, energy, etc.). Filtered since 2009 by the European policy of fiscal restraint - sometimes even by the ideological short-sightedness of central and local governments - public investments have minimized the importance of existing resources in the regions, aiming indeed at the *re-concentration* of economic activities in these areas which are already equipped with the necessary framework conditions.

II. PLANNING APPROACHES TO DEVELOP DIVERSE TERRITORIES

“Geography matters” for those who believe that the crisis should be overcome in cohesive territorial terms (Faludi, 2011, p. 51) and not only in terms of debt, competitiveness and the weakness of European Institutions (Tirole 2012), changes need to be made to approaches to the development of policies and their contents within the plan. The adoption of instruments for recovering the negative territorial impacts of the crisis and the gap between the regional adaptive capability and the goals of competitiveness re-launch (Europe 2020 Strategy) seems unavoidable.

From the ESPON comparative analysis on the integrated planning strategies in Europe (ESPON INTERSTRAT 2012), first of all, it seems the plan should also be directed by several common European principles: subsidiarity, sustainability, competitiveness, cohesion and equalization and be able to implement them.

It should also work to connect different geographical scales, by managing ex ante analysis (status quo) and evaluation (impact assessment) by dedicated GIS and database (Inspire Directive 2011), and by looking at the maps as a form of control and communication.

Scientific approaches relative to the Territorial Impact Assessment (TIA) and the Strategy Environmental Assessment (SEA) of regional policy making (ESPON TIPTAP, ARTS and EIATIA projects) seems useful for obtaining a shared compliance and move towards full sustainability in different target - statistical and administrative – areas, even *if they no longer have a place* in the financial debate.

The offer of solutions for several policies now included in the 2020 Strategy (Energy, Climate Change, Demography, Global Economic Competition, Accessibility, Health, Social inclusion, Urban trends, CO2 reduction, Social inclusion, City renewal, etc.) and their integration into a plan should be considered as a fundamental basis of competitiveness.

Of course, the few indicators that are generally taken into consideration to assess the national and the regional ability to invest in growth, but also to measure the distance of those regions which are lagging behind the target-goals, are not sufficient.

ESPON Programme 2013 is supporting these scopes, i.e. studying urban mega-phenomena (ESPON FOCI 2010) and the role of medium-small cities (ESPON SGPTD 2012) and looking at their positive reaction when faced with the economic and financial crisis. Nevertheless its approach necessarily remains generalist and top-down, because the adopted methodologies are functional and are consistent for developing thematic objectives.

If we are to encourage the planning policy paradigm to progress through and towards cohesion and integration of Europe, new and more complex quali-quantitative measures are also needed. They should be able to take into account both the specific characteristics of EU member states (social, environmental cultural, economic, technological, and so on); and also the heritage and value (territorial capital) for the EU globally; by researching how they have to be harmonious – specially when referring to the development of the cohesion policy – and by testing them from the territorial point of view.

In order to build an alternative cohesion strategy, a different methodological approach must be adopted to provide the plan. This should be done by initially taking into account the localized measures of cohesion and its influence on the reactive behaviour of the territory to the planning offer.

Beyond the mere scientific conceptualization and theoretical suggestions, the main message that this methodology challenge would send to policy makers is that the study of the territorial system for planning begins (now!). It represents the initial balanced situation (historical synthesis of processes that the territory had before) and *the initial territorial sensitivity* that the responsible policy maker will be able to have knowledge of and measure. It is the *Beginning Territorial Value* (BTV) for building the territorial competitiveness by planning.

As policy makers do not often know, actions of planning produce impacts and each territorial system receives them as external inputs to change. The system changes and reaches a new equilibrium position within the limits of its reproductive resources. If the changes go over these limits, the system changes itself into another and different system. The limits of system reproduction represent the territorial sustainability limit- value (*Final Territorial Value* - FTV).

The territorial carrying capability or the balanced match between cohesive demand and offer by the plan is the difference between two values (δ). As a result of this, the development paradox could emerge: the planning offer that would like to use more resources than those available does not produce development.

Economists, stakeholders, opinion leaders and European policy makers should adapt to this vision by looking at suitable solutions principally from a national and local point of view, without omitting to clarify the impact that choices on growth generate (even if they are smart) in the medium/long-term on European territorial dimensions.

From this point of view, we understand some difficulties both in suggesting recommendations and in formulating scenarios which could be immediately feasible at territorial level and in overcoming the “religion of numbers” (Stiglitz, Sen, Fitoussi 2009), which bring into discussion that part of the European Institutions – regions - that analyse social, environmental and economic trends in a strongly territorial way.

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