



**NEW CHALLENGES AND  
OPPORTUNITIES FOR LOCAL  
DEVELOPMENT, SOCIAL COHESION  
AND INNOVATION**

*editors* A. Gallina, S. Villadsen



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*editors* Andrea Gallina, Søren Villadsen

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# **New challenges and opportunities for local development, social cohesion and innovation**



## Preface and Introduction to the Chapter

*Andrea Gallina, Søren Villadsen*

The present volume contains the academic reflections on the relationship between governance, local economic development, poverty and social inclusion, which emerged during the three-day conference at Roskilde University organised within the Interreg 3C project “A Balanced Local Development: Application of the European Spatial Development Perspective”.

The wide array of empirical material presented in this volume, and the different perspectives touched upon in relation to local development is balanced by the convergence in the analysis of the root-causes at the basis of conflicts on decision-making power devolution and on the pressures exerted by dominant neo-liberal thinking on development policies. The combination of analyses and examples from industrial and industrialising countries shows that despite the differences in contexts and structural limits there are common elements on which strong theoretical conclusions can be drawn.

One of these key conclusions is that governance should be used both as a descriptive concept and as a perspective that can help to achieve a better understanding and respect of local institutions. Therefore, using the governance perspective may point us in a useful direction to ask the right questions, but it will never, in an *a priori* manner, provide the answers. However, when the term “good governance” is applied a prescriptive dimension is added to governance.

A second key conclusion related to the above and central for advancing in the academic discussion is that the concept of good governance has acquired a hegemonic status among inter-

national development donors and the paraphernalia of Western development governmental and non-governmental agencies. This hegemonic position has crystallised the concept into predefined strategies, often characterized as “bottom-up” and “decentralised”, and reduced the scope for relative understandings of the concept.

A third key conclusion emerged in the various chapters is the importance of the linkages between governance, local empowerment and participation and local and national welfare states. The antagonistic relationship created by neoliberal economic strategies between national elite interests and local community participatory approaches and needs has a strong destabilising factor on local decision making.

In its structure and content the book will provide policy makers, practitioners and academics with original empirical material and interesting reflexions on the tension between global and local dynamics.

The following section will briefly present the salient aspects and main conclusions of each chapter. The volume is organized in two main parts: the first including contributions dealing with the concept of governance and local development, mainly from a European Union perspective. The second part includes contributions dealing with poverty and social inclusion, largely based on empirical material and case-study from both industrial and industrializing countries.

## **The Chapters**

The essay by Vittorio Capecchi and Andrea Gallina synthesizes the results of the research carried out at Roskilde University within the framework of the Interreg project “ESDP-BLD” aiming to assess the achievements of the EU in the application of the ESDP since its launch in 1999. The paper presents a theoretical framework of interpretation discussing the juxtaposition

between the neo-liberal and the solidaristic economy model and an analysis of the document, reports and studies that have attempted to apply the European Spatial Development Perspective (ESDP) either following the neo-liberal model or the solidaristic economy model or a mix of them.

The documents on social and economic cohesion and on territorial and spatial development in Europe are particularly interesting in this perspective since they swing from one model to the other sometimes within the same document or within the same presidency of the EC. The essay has highlighted a common and central element in the EU official documents that from the ESDP onwards have been published: the gradual fading and disappearing of the international dimension of the EU in the documents on social and economic cohesion as well as the lack of a relationship between EU international development cooperation projects and the internal development of the EU. Even the recent policies towards neighbour countries are focused on security issues and the development dimension are in terms of markets modernization and not cohesion.

In the essay by Andreas Faludi it is demonstrated how the tension between Member States and the EU in the area of regional planning creates a dynamic that is often puzzling. Spatial or regional planning is not a competence of the European Union, but there is the inter-governmental European Spatial Development Perspective (ESDP) and INTERREG. Also, in this framework, the European Spatial Planning Observation Network (ESPON) has been set up with the purpose of providing an analytical base for following through on the ESDP agenda. Meanwhile, the Treaty establishing a Constitution for Europe has identified territorial cohesion as an objective of the Union and a competence shared with the Member States. While waiting for its ratification, the European Commission formulated its proposals for cohesion policy for 2007-2013. Against this backdrop, Member States resumed their initiative to give them a presence in a future territorial cohesion policy led by the Commission. In the changed cir-

cumstances after the French and Dutch ‘no’ to the Constitution, their ‘Territorial Agenda for the European Union’, due to be adopted in May 2007, will be even more significant.

The chapter by José Antonio Estévez Araujo analyses the concept of ‘multilevel democracy’ in light of the transformations in state sovereignty produced by the pressures from globalisation and regional integration, particularly in the European Union. A multilevel conception of democracy, joined to a multilevel European constitution, may provide a means of restructuring the European political-legal space and solving problems for which no adequate solution has yet been found. This is the case of the disputes that arise in the EU between regulations at European, national and regional level.

The chapter by Søren Villadsen discusses key issues and dilemmas within national and international agenda setters, where ‘good governance’ and ‘decentralisation’ play a major role in relation to local economic development (LED). The author attempts to demonstrate the linkages between decentralisation, good governance and LED, and intervening in the long-standing discussions on the possible importance of good governance on social development. The essay points out to the role that “good governance” plays in the agenda and as strategic tool for international donors’ commitments and in international relations, acquiring the status of dominating, perhaps even hegemonic ideological and practical guideline for rich and powerful national and international agencies. This latter category includes the multi- and bi-lateral development agencies and NGOs, which are strongly influenced by or constitute parts of the leading Western formal power structures. The author aims to disentangle the different elements that constitute “good governance” in an attempt to avoid generalisations and to avoid emptying the concept of governance by replacing it with decentralisation and bottom-up mode of political activities.

The chapter by Erik Lohmann-Davidsen provides some insights into the recent administrative reform in Denmark. This contribution has the advantage of being written by someone that

was the managing director of a local authority in the midst of the reform. The outcome, pointed out by the author as a serious limit of the reform, is a reduced role for local administrations in tax collection and in the setting of standards for the services delivered. The new approach is vertical and decision-making power is concentrated in the newly established macro-regions, with consequences to follow for the local administrators.

Sebastiano Fadda's essays analyses the institutional changes in transition economies in an attempt to identify more appropriate forms of coordination enabling all social and economic actors to interact, negotiate, participate and coordinate in different directions. This new form of network governance needs appropriate solutions to a series of crucial issues such as asymmetric information and the new responsibilities of the local authorities. The author concludes that in devising local development policies institutional settings and path dependency should be duly taken into account to avoid one-size-fits-all solutions. In the essay by Pablo Bilella, it is – in the same vein as in Villadsen – highlighted that although there is no evident clear-cut causal relationship between governance and economic growth, the concept of good governance is usually understood as a precondition for poverty reduction strategies. Some basic dimensions of good governance, such as participation, empowerment and local governance, can also be linked to broader shifts in the nature of government, and therefore an actor-oriented approach can be a useful theoretical position in order to understand issues of development and governance. In the analysis of Argentinean Social Funds he explains how they have functioned as a space for the convergence of mainstream neo-liberalism and participatory development. From this point of view, “beneficiaries”, in this case poor farmers, are regarded as having a more active role to play as consumers of development projects and policies. However, the dominant interests accumulated locally will play a dramatic role in understanding development interventions according to their logic. The approach proposed helps to show that participation and good governance

are not a panacea and while they have the potential to challenge patterns of dominance, it also can entrench, reproduce and reinforce existing power relations. Only by recognising the inherent inequalities within community or group-based relations embedded within social practices progress can be achieved. Bilella concludes that governance should uncover the different attempts of concealing power relations behind the mask of participation, and the paradoxical character of the empowerment endeavors, which usually do not acknowledge that “power is not there for the giving but for the taking”.

In the essay by Susan Parnell and Jacqui Boule the vision of a post-apartheid city based on the notion of universal human rights and a new practice of urban governance is presented. Pointing to the blockage in the debate over the relative merits of greater efficiency in the state versus more effective empowerment and participation of civil society, they call for an alternative perspective that is grounded in an ideal of making the city a good place for all. Political affirmation of a utopian vision of the city based on universal socio-economic rights, as implied in the South African Constitution and the Millennium Development Goals, has significant unrecognised institutional implications, particularly at the city scale. The authors, by using the case of post-apartheid Cape Town, argue that the developmental role of the state in the global South is under theorised. Working from the premise that much can be learnt from social action to foster the good city, four major points emerge. First, to realise socio-economic rights across the whole city demands that the role of government be conceived, designed and capacitated to uphold socio-economic rights at the city scale, and be able to respond to citizens who make this demand. Second, the apparatus/instruments of the state must be redesigned to deliver its functions to all residents without prejudice. In most cities, but especially in cities of the South with exclusionary legacies, this entails removing blockages (like apartheid planning regulations) that discriminate directly or indirectly against individuals, households, groups



or neighbourhoods and putting in place new systems of government with universal application. Third, the realisation of socio-economic rights is not simply the preserve of the local state. A rights-based city necessitates the introduction of instruments or institutions across markets, civil society and the multi-scalar state that will enable redistribution and basic service delivery based on need as opposed to the ability to pay. Finally, the vision of a utopian city occurs in an externally prescribed economic environment. The municipality cannot therefore ignore the imperatives of maximising wealth and income in the city and minimising the proportion of people requiring subsidised assistance. Against these imperatives, the Economic and Human Development Strategy advocates substantive changes in local government practice to foster greater growth, poverty reduction and equity as the basis of the good city.

In dealing with similar problems of poverty and social exclusion, but in a completely different setting from those analyzed in Parnell and Boulle, Danish sociologists John Andersen and John Pløger discuss dilemmas for overcoming the growing tensions between the elitist neo-corporate growth regimes operating via closed elite networks on the one hand, and community empowerment based on social mobilisation and welfare oriented policy in the age of globalisation on the other. Taking the stance of supporting community empowerment and welfare policy, the chapter conclusively discusses ways to shape a new inclusive politics of difference including using 'positive selectivity' as part of an empowerment strategy. The essay points also out to the need to link local empowerment strategies with national and local welfare states to support both a politics of recognition and redistribution. However, only trust can mobilise marginal voices and groups and therefore only by a communicative, listening and acknowledging state results can be achieved. The importance of local empowerment strategies as social actors outside mainstream political power structures and power plays is also highlighted in the push towards the transformation of ideas and suggestions into concrete projects.

Development strategy in resource constrained regions is the topic developed by Nadia Farrugia and Gordon Codina. In particular, the essay makes an economic assessment of the costs of high population density. The assessment identifies concrete examples through which high population densities would result in higher costs, and evaluates the relative effects where possible. This is an important contribution for peripheral regions, which risk to become overpopulated in their attempt to exploit natural resources (for example for tourism activities) in the attempt to create jobs. A discussion is undertaken addressing the threshold value of population density beyond which further expansion of such density would impose burdens, including the rate at which such burdens would cumulate. In fact, the study shows that while it is true that increasing population density may result in lower infrastructure overheads, this no longer applies to relatively high population densities. High population densities impose economic, social and environmental costs. These conclusions highlight two important aspects: firstly that is conceptually impossible to derive a single value for optimal population density; this would have to be assessed on a project-by-project basis and a country-by-country basis. Secondly a more widespread use of models based on the concept of optimal population density, especially in EU policy-making, can foster economic and social cohesion among all EU regions, large and small, whatever their population density.

In Antonio Giménez Merino's essay the activities of civic movements in the local-global context in which they are obliged to operate are discussed in the light of the ongoing process of economic and political regionalization, on the one hand, and of the neo-liberal removal of social content from European constitutions, on the other. With the use of three very different examples from Catalonia and across Spain, the author identifies the characteristics that legitimise social movements in a democratic framework and their ability to offer functions of public use both locally and in broader frameworks such as that of the European

Union. These examples serve also the purpose to define the concept of a broadened public sphere, which means that although the initiatives stem from a public centre, they unfold in a much wider social field in which the dense associative social net of Barcelona plays an important role. The paper concludes by claiming for the need of a more contemporary notion of the public sector. Today, the national public sector can be seen as a 'completely new social movement', in the sense that while it has lost power of decisions in the field of production it maintains an influence on the distribution of resources. It is exactly in this area that cooperation between the institutional and voluntary public sectors can create a means of reducing the level of social inequality.

Another important aspect underlined by this essay is that the appropriation of the local initiatives, such as those described in this chapter, by national governments or even the European Union should not be perceived as an obstacle, but nevertheless, none of this will be possible without the long-term ability to maintain social action on a local level that transmits the moral identity of its members.



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