

Think globally, act locally

What Italy can learn from abroad and vice-versa

by

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In the last two decades the importance of local development and space-oriented policies has suddenly increased around the world, becoming a strategic element in the debate on development of regions and countries. Significant examples of this can be found in the World Development Report (2009), in various OECD's studies and in the initiative *Desarrollo local: hacia un nuevo protagonismo de las ciudades y regiones* (2010) in Latin America. In Europe the on-going debate on the future cohesion policy is strongly influenced by this local perspective. In the United States, apart from the recent electoral debate on the role of States vis-à-vis the Federal Government, it is quite evident that a resurgence of the local agenda is at work. It's not by coincidence that two recent *memoranda* provided 'guidance on developing effective place-based policies' for the President's Fiscal Year 2011 and 2012 Budget, in order to 'influence how rural and metropolitan areas develop, how well they function as places to live, work, operate a business, preserve heritage, and more'. At the other end of the spectrum, in Italy local issues seem to be banned from public discussions, canceling out several years of territorial policies started in the second half of 1990s by the Carlo Azeglio Ciampi government.

What has determined a worldwide rediscovery of local issues? Why are they important for the economic development of a country?

The first question can be answered in three related parts: modern globalization has influenced several common dynamics across the globe, favoring the connections of seemingly unrelated loci through the circulation of capital, goods, people and ideas; increased space-awareness of both academic and non-academic research has played a key role in understanding territorial aspects; improvement in data collection at micro level has provided an important informational framework to policymakers and researchers.

On the importance of local territories for economic development, a renewed local path to development can provide a different perspective on growth based upon four drivers. First, the importance of cities and the relations between the city-space and the adjacent places, taking into account economies of scale, externalities and the dynamic link between cities and rural areas. Second, the valorisation of ideas, talents and knowledge (i.e., human capital) anchored in a particular territory and able to trigger trickle down effects in the surrounding areas. Third, mutual confidence, reciprocal cooperation and sense of community are localized assets, providing a fertile humus for better local governance, more efficient provision of public goods and more accessible credit markets. Finally, socially efficient local institutions such as rules, beliefs and organizations can act as mechanisms of coordination among agents and work against clientelism and rent-seeking *phenomena*.

Italy still has hundreds of traditional well-known districts and clusters with place-based advantages exploited on a worldwide scale. Italian recent history is full of spatially-driven forces enhancing development at local levels. A good example is the city of Turin and its adjacent territory, once vastly dependent on FIAT and the automotive industry. Turin was able to revitalize

the local economy after the automotive crisis by diversifying entrepreneurial activities, strengthening the sense of community and cooperation, and investing in promotion at international level. A success story in the South of Italy is the province of Ragusa in Sicily which has surmounted its remoteness through a combination of innovative entrepreneurship, deep social cohesion, dynamic local governance and socially efficient institutions.

Similar successful dynamics are spread over the world. In the U.S., the Pittsburgh area has revolutionized its historical image of 'steel city' by investing in cooperation and innovation, reorienting its talents and rooted knowledge in different activities - such as technology, biotech, robotic - repositioning itself with an image of very livable place which culminated in hosting the G20 in 2009. With 1,600 tech companies and 116,000 people employed by medical institutions (48,000 of whom by the Pittsburgh Medical Center alone), the birthplace of Andy Warhol (and the graduation town of Nobel Laureate John Nash) is an example of renaissance after the dark ages. In different ways, but with the same spirit, the continuous adaptation of the Dutch flower district is the result of urban integration, human capital, public trust and local governance. A five centuries-old production and commerce of flowers transformed in an economic durable advantage, without forgetting the original core. This made it possible for the Netherlands-based district to successfully face the competition of countries with more favorable climate and lower costs such as Colombia, Ecuador, Kenya and China.

Can Italy's steel capital Taranto, home of the largest steel mill in Europe and effected by endless environmental problems, high unemployment and economic decline, learn from Pittsburgh or Turin ? Can the Dutch flower district or the province of Ragusa be models for the Bari-Matera upholstered furniture district, facing a fierce cost-based competition from manufacturers in China, Brazil and Romania ?

The paradox is that nowadays local issues are marginalized in the Italian debate on growth and development. A generalized sentiment of 'fracasomania' à la *Hirschman* characterizes most of the programs and initiatives undertaken at the territorial level in the last few years, confirming that times are even worse when the good news are indistinguishable from the bad. However, the Italian's future could benefit from repositioning its long-term path along local elements, following the numerous *stimuli* originating from abroad. In doing this, three forces should be reactivated.

First, making local development work means creating a common externality at national level able to bringing together scattered experiences in an unified view. National and international best practices need to be shared: Torino shall know Pittsburg as well as Ragusa shall know the Dutch flower district, and vice versa. Second, the unveiling of place-based preferences is crucial for design successful space-tailored policies. As a consequence, analysis and actions based upon heterogeneous needs and context-dependent conditions will be more effective than amorphous reforms. Third, the future prosperity of both Italy and most of Western countries relies unavoidably upon the generation, production and commercialization of non-ubiquitous ideas. The creativity anchored to particular territories needs to be addressed towards growth-enhancing activities.

In this sense, local *savoir faire* can become a global competitive advantage.

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