

Regional development: Why places matter for better policies

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OECD countries are at a critical juncture, as they face deep and often widening inequalities between people and places. Responding to the concerns of communities that feel left behind is a political priority. Policymakers need to focus their efforts more sharply on the places where people live ensuring a more even distribution of services and opportunities. As the OECD Regional Development Policy Committee (RDPC) celebrates its 20-year anniversary, its clear voice is needed more than ever.

Territorial divides affect all aspects of living: distribution of income and wealth; access to quality of fundamental public services; recognition of one's values, roles and aspirations. Inequalities exist between small towns and mega-cities, peripheries and centres, rural and urban areas. These territorial and spatial divides are at the root of growing public anger, in some places more than in others, and have become a source of social and political turmoil.

These inequalities highlight that a much greater attention is needed to what our national and global policy decisions mean for different places. Large disparities among and within regions confirm it is policies, not inexorable economic forces, that are at play. Markets do not exist in a vacuum: governments design rules of game and policies, and the way they implement them affects the likes of efficiency and distribution, and influence how capital and labour are allocated.

Two decades ago, regional development policy was essentially seen as a policy to subsidise lagging areas and sectors, aimed at compensating top-down spatially-blind interventions and/or the artificial creation of economic poles disconnected from local assets. The lesson from failures and the need to respond to the concerns of communities that feel left behind or simply detached, has repeatedly called for a U-turn in development policy.

Some steps have been taken. Today, several countries are tailoring their national policy interventions to suit different places and designing them to respond to the structural opportunities and constraints of each region. They mobilise local communities by improving the quality of essential services and opportunities for innovation. But in too many contexts policies, disguised as “place-based” approaches, are in fact old subsidy-based interventions focused on sectors, rather than people or their communities.

The meaning of “place-based approach” is therefore useful to know, particularly in the light of experience so far gained from implementing it.

First, place matters for the effectiveness of institutions and policies; technocrats and experts at national level have limited knowledge; contracts are inherently incomplete; local elites are often unwilling to innovate, because they derive power from the same condition of local backwardness: they are part of the problem and part of the solution.

Second, the place-based approach is a novel way to deal both with knowledge and power. Much of the knowledge needed for a place to innovate is embedded in the place itself. Innovation will take place only when local communities will be empowered and engaged in policy design, through a participatory approach based on an informed and open debate among citizens and relevant competent actors.

National public authorities must strike a fine balance by entrusting policy ownership as much as possible to local authorities, while preventing them from acting conservatively as rentiers. This task is achieved by promoting a shared strategy for the future of the place, setting measurable targets for people’s well-being, assisting in the selection of integrated projects, and monitoring the policy implementation process at the right scale. It also means matching different sources of financing and accompanying the local strategy with the necessary sectoral policies for education, health, transports, etc., to take into account specific territorial needs. Indeed, regional development is a “policy of policies”, and one of the very objectives of the place-based approach actually becomes reforming national and regional sectoral policies in a space-aware direction.

The place-based approach implies a radical move. It requires ensuring a more even distribution of people’s services and opportunities in the places where they live. A significant investment in human resources within administrations is a necessary requirement. Multi-level governance systems, adapted to reflect local conditions and capacities, and experimental instruments that embed learning-

by-doing and trial and error processes into policy design can help governments to effectively address local investment needs. Continued efforts to improve regional statistics and indicators and their detailed granularity will be critical for assessing the impact of policies.

A place-based perspective can help policymakers explore the regional dimension of global trends that will have a strong impact on our societies over the next 10-20 years, such as ageing population, migration, climate change, globalisation, diffusion of technology and innovation. While some regions and communities are seizing the opportunities these trends bring, many others are struggling to keep up. Current threats to local services, jobs and the environment are spurring this extraordinary public reaction, especially among young and very young generations. Environmental and social justice must both be a strong concern of governments. We can turn technological change and a global and open environment into a source of improvement. A place-based approach to policy-making can show us the way forward.

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References

For an updated conceptual framework, see Fabrizio Barca, “Place-based Policy and Politics”, in *Renewal, a Journal of Social Democracy*, 2019, forthcoming in March. This conceptual framework has been influenced by several policy experiences and in particular by the lessons of Italy’s Strategy for Inner Areas, aimed at stopping demographic decline and relaunching the social and economic development of remote rural areas. Data and analysis are available at: <http://old2018.agenziacoesione.gov.it/it/arint/> <http://old2018.agenziacoesione.gov.it/it/arint/>

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