



INTRODUCTION

Territorial obstinacy

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Abstract

The last decade witnessed a global economic crisis with unbalancing effects in national and regional economies. Despite the importance of territorial capabilities to face adversity, the “territory” seems to be fading away from public policy. That was clear with the implementation of austerity measures that stimulated centralization of financial resources but also with the relevance given to innovation as the main purpose of development, particularly in European Union with the smart specialization rationale. The current issue of *Regional Science – Policy and Practice* is devoted to a selection of papers presented at the International Conference on Local Development (Faro, Portugal, 2017). This conference was part of the 4th Edition of the Award on Territorial Development, a distinction that intends to call attention on the opportunities of endogenous and bottom-up initiatives for territorial development.

KEYWORDS

Development, policy, smart specialization, territory

JEL CLASSIFICATION

O18; O30; R11; R58

1 | TERRITORY AND ITS CHALLENGES FOR SCIENCE, POLICY AND PRACTICE

In different circumstances and historical moments, territory and regional dynamics have been refractory entities that have challenged established conceptual frameworks and modes of development. The territorial intensity of society is revealed by the presence of material and social structures and actors, cultures, forms of power and the interrelations

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that stimulate space and transform it. Territories are living spaces, productive systems, technical skills, resources and capabilities inscribed in precise concrete realities. It is by co-presence and proximity that territories are constituted. They trigger interactions, establish habits and practices, develop knowledge, qualifications and competences and consecrate forms of authority. In this perspective, the territory is a co-ordination mechanism, consisting of its institutional character.

The recognition of these circumstances was acknowledged for a period by policy-makers, but then dropped down in the last decades, especially in the European Union. The change in public policy deserves special attention, knowing that this has had an impact on public action within each country. After a long period in which it was endogenously structured, through objectives anchored in the territories, in interregional relations, and in the idea of convergence, EU regional and cohesion policy is becoming subordinate to innovation policy.

Smart specialization concept has had a central role in this change. Within the 2014–2020 European Structural and Investment Funds framework, developing a smart specialization strategy (S3) was an *ex ante* conditionality that the regions needed to satisfy (Capello & Kroll, 2016). This rationale will also assume a key function in the post-2020 period. It consists of each region focusing in a few globally competitive economic areas, with the identification of strategic priorities and transformative activities, through an entrepreneurial discovery process, based in a hybrid model of bottom-up and top-down policy design and governance (for a recent review on the concept, cf. Foray, 2016).

Smart specialization may have many merits but it also creates problems. One of them is clearly transforming means into ends. Innovation is no longer an instrument for development but the main purpose of development. Territorial selectivity becomes the norm. It deals with the competitive capacities of some territories and not with the whole territory. This results in the extreme reduction of the territory, only encompassing selected actors and selected processes. Territorial policy addresses world class clusters and excellent research. Their location is only an unavoidable circumstance with no deeper ontological significance. Some territorial elements, not the territories, are chosen as the object of the policies: only single and individual elements; some actors, under some conditions; some sectors, under conditions. It seems that territory has been “lost in translation”.

In the face of this new policy repertoire, is the insistence in the territory merely a stubbornness of some academics and practitioners? Is it so important as they think? Yes, it is important. Here are some reasons, happening in the large majority of EU countries (Reis, 2019). The first is a reason of prudence. There are macro social and macro-economic risks related to the elimination of the territory as a key vehicle for policy implementation: low use or abandonment of located resources, territorial conflicts and spatial disarticulation—such as territorial desertification and fragmentation, growing weakness of urban places with the exception of capital cities. The second regards socio-economic dynamics that may emerge outside the formal strategy—such as the emergence of low value-added tourism as a non-anticipated dominant power with strong, eventually negative, externalities. A third reason is a discontinuous notion of place-based resources, that may result in resources without places—several regional strategies, but only one growing place, the capital city, as the favourite destination of intense internal migration of factors, in particular, precarious and low-paid work.

A “one size fits all” territorial policy framework on which objectives and policy tools are pre-determined by the European Commission or by national governments is largely incoherent because territorial development is linked to differentiation processes. It does not exist only “one way” to innovation and territorial development (Tödting & Trippel, 2005). Territorial capabilities should be an anchor to push initiatives for investment and development, using entrepreneurship and local resources and with the accompanying role of the regional, national and European levels (Garofoli, 1993). This means policy needs to create more social, economic and political space for cities, regions and territories. All this is dramatically necessary and urgent because, in the last years, the global and national concentration of economic power increased (Rosés & Wolf, 2018). Recent economic policies, especially regarding fiscal and budgetary issues, showed that the national state prevailed progressively on regional and local state, reducing the flows of financial resources from the centre to the periphery (Kickert & Randma-Liiv, 2015). And all this is specifically contradictory due to the enormous inequality between regions (Iammarino, Rodriguez-Pose, & Storper, 2019).



The previous perspectives justify a set of practical deductions. It is clear that, despite conflicting views, the international economic crisis turned away the attention on local development, pushing more and more to look at the responsibility of European and international institutions. The effects of the 2007 crisis have not been the same everywhere and this underlines the role of the awareness on the challenges and opportunities for different territories and regions (Bristow & Healy, 2018). We all need, then, to come back to territories, regions and cities, analysing their specificities and mobilizing local actors into coherent transformative projects and investments. Resilient territories represent key elements to react to the adversity, as already literature and contemporary history have proved (Boschma & Pinto, 2015). In this context, it is necessary to create stable and durable links between the regional science community and regional and local stakeholders, fostering the capability of social responsibility towards territorial and regional development.

2 | THE CURRENT ISSUE

The current issue of *Regional Science – Policy and Practice* is devoted to a selection of papers presented at the International Conference on Local Development organized in Faro, Portugal, at the end of May 2017, in the framework of the 4th Edition of the Award on Territorial Development. The aim of this Award is to call attention on the opportunities of endogenous and bottom-up initiatives of territorial development without assuming a passive role face to the policy decision. There is a specific literature on this field (cf. for instance, Garofoli, 1992; Garofoli & Vazquez, 1995; Vazquez, 2002; Scott & Garofoli, 2007; or Courlet, 2008).

The idea of the Award emerged during the summer school on “Local economic development: the experiences in Mediterranean countries” organized in Alghero (Sardinia, Italy) in October 2006 by the Association of Latin Languages Economists in co-operation with Insubria University (Master in Local Economic Development and the CRIEL - Centre of Research on the Internationalisation of Local Economies) and Chamber of Commerce of Sassari. During the summer school, a set of stakeholders (mayors, directors and presidents of development agencies and other intermediate institutions, associations of firms, representatives of local and regional state) discussed in-depth territorial development projects with economists and representatives of international institutions. The first edition of the Award on Territorial Development has been organized in Caltagirone (Sicily, Italy) in 2007. The second edition was held in Arezzo in 2010 by the Institution of Industrial Districts of the Province of Arezzo. The third edition was organized in Cluses, France, in October 2013, by the community of communes “Cluses Arve Montagne” with the support of the Rhône-Alpes region. The fourth edition, supported by several institutions, from the Algarve Regional Coordination and Development Commission, the Faro Municipality, to the European Commission DG Regional Policy, was centred on the economic crisis and challenges for bottom-up development initiatives and the emerging debate on Smart specialization and local and regional development (cf. Pinto, 2017). It was the inspiration for the current RSPP number.

This special issue is organized as follows. The first article “Local development in a global world: Challenges and opportunities”, by Vázquez-Barquero and Rodríguez Cohard, presents a transversal debate to this issue: is local development still a policy instrument in a globalized world? It is clear that territories are facing greater competition and local resources need to be used in innovative ways. The authors suggest that there are crucial challenges to this but the base for an effective use of territorial resources is the co-operation among local actors.

The second article, by Valenzuela-Aguilera, “The third circuit of the spatial economy: Determinants of public policy in Latin America”, explores the overlapping areas between the formal, the informal and the illegal economy. The author, using several Latin American cities as reference, suggests that these three circuits have a crucial impact and a transformational role in the territory. The interconnections between the formal-informal-illegal result in additional complexity for policy and practice. This article was the distinguished winner of the 4th Edition of the Award on Territorial Development.



The following two articles are centred in the capacity of territories to cope with change. The third article "Varieties of capitalism and resilience clusters: An exploratory approach to European regions", by Pinto, Healey, and Cruz, highlights the asymmetric effects that European regions suffered with the global economic crisis of the last decade. The text uses the framework of the varieties of capitalism to present different types of resilience profiles. The results underline that institutional architectures have played a key role in the regional answers to the economic shocks. Rodríguez Cohard, Sánchez-Martínez, José and Gallego-Simón debate, in the fourth article entitled "Olive crops and rural development: capital, knowledge and tradition", the challenges that traditional sectors are facing with global competition. Illustrating these new tensions in the case of olive-growing territories in the Mediterranean, the authors highlight the adaptive capacity of the sector confronted with the challenges arising from new methods of planting, harvesting, and management.

The two final articles make use of the Portuguese case and CIS (Community Innovation Survey) data to highlight different aspects of innovation in firms and its connections with regional development. The article by Pinto, Uyarra and Pereira, "Innovation in firms, resilience and the economic downturn: Insights from CIS data in Portugal", explored four waves of CIS (2006/2008/2010/2012) to suggest what are the changes in the determinants of product and process innovation, before, during and in the peak of the crisis. The authors found that the exploration of new knowledge in firms is crucial for stimulating innovation, and thus it may be a trigger for increasing regional resilience. The article by Cesário and Fernandes, "Smart innovation strategy and innovation performance: An empirical application on the Portuguese small and medium-sized firms", analyse the existing linkages between a smart-open innovation approach in firms and their innovation performance. Firms need to actively explore their innovation networks, both the local and the international ones, in order to respond to the needs in global value chains.

In its several editions, the Award on Territorial Development distinguished different types of contributions, from academic contributions, from senior to early career researchers, to specific, policy and practical, territorial transformational experiences. The continuation of this Award will be relevant for the construction of more and better regional science, policy and practice awareness to help organizing socio-economic change and fostering the territory.

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