

Interview with Mezzogiorno Europa (Marzo/Aprile 2001, Numero 2)

1. What is the relationship between local, national and EU strategies?

The less favoured regions of the EU are about to face their biggest test yet – the loss of Objective 1 status as a result of the enlargement of the Union and the inclusion of regions and countries which are much poorer than the regions of the Mezzogiorno. This is why regional development policy in the EU needs radical rethinking. There are two big issues to be resolved – resources and competences. The EU's cohesion budget in 1999 represented a mere 0.46% of its GDP, which was too small to make a significant impact. But this small sum will get smaller and, by 2006, it will be just 0.31% of GDP. As Michel Barnier, the Regional Policy Commissioner, told the European parliament on 31 January 2001, cohesion policy cannot be credible or effective with an unchanged budget. The resources are too small now, in a Union of 15 member states. The problem will be much worse in a Union of 27 members – so there is a coming crisis of regional development funding in the near future which has to be faced now.

The question of competence is just as important as resources because regional development can never be merely an issue of financial transfers, as the citizens of the Mezzogiorno know better than anyone. To be effective EU regional policy must be a shared endeavour, between Brussels, member states and the regional actors themselves (that is, regional and local governments, NGOs and of course private enterprise and its associations). In the past the regional actors have not been empowered to play a big enough role in their own regeneration. Now we are seeing more subsidiarity (the devolution of power to levels closer to the citizen) and this is a good thing for two reasons: first, it empowers local knowledge and second, it creates a more accountable and more responsive governance system. But subsidiarity carries dangers as well, the most important danger being the tension between subsidiarity and solidarity. In other words there is a danger that subsidiarity can be used by Brussels and central governments in the EU to devolve all responsibility for regional development to the regions themselves. But this betrays the principle of subsidiarity in my view because subsidiarity should mean sharing responsibility not abdicating it. These tensions can be inflamed by regional political leaders who reduce the issue to a zero sum game, like central governments versus the regions for example. This is precisely what the regional presidents of Lombardy, Baden-Wurttemberg and Catalonia did recently in a joint article entitled '*Rome Against the Regions*' (Corriere della Sera, 4 March 2000). This is the careless and irresponsible talk of 'bourgeois regionalism', which is not very helpful to Europe's less favoured regions, where the need is for coordinated multi-level actions not unilateral action on the part of the region.

To cut a long story short, regional development needs more innovative and more effective partnerships between regional, national and supra-national levels because no single level is capable of achieving the job on its own. Local areas need European resources and the European authorities need local knowledge. The relationship between these levels - local, regional, national and European – will be the subject of a big debate when the EU White Paper on Governance is published and as the preparations begin for the 2004 inter-governmental conference, a German-inspired event which will discuss the competences of different levels of the multi-level polity.

2. The reform of the state and the implications for the Mezzogiorno?

This question involves some of the issues which I identified in the first question, especially the tension between subsidiarity and solidarity – which I consider to be the most difficult conflict in an enlarged EU. The reform of the state is taking place at a number of different levels: in Brussels we see it in the belated reform of the European Commission and in the wider debate about a federal Europe; in Rome we see it in the debate about devolution and federalism in Italy; and we see it in the efforts of regional governments to become more innovative and more democratic institutions. In the future regional governments are going to have to take on more responsibilities and therefore they need to be up to the task. Devolving power to the regions in Italy may be a good thing so long as subsidiarity is not implemented at the expense of solidarity – this is my fear when devolution and federalism are implemented in the context of a right-wing government.

3. The cultural preconditions for development?

Theorists, policy-makers and practitioners are coming to the same conclusions that economic development involves much more than writing cheques. Indeed, the work I did on regional innovation strategies in the EU (which was eventually published as K. Morgan and C. Nauwelaers (editors) *Regional Innovation Strategies: The Challenge for Less Favoured Regions*, Routledge, 1999) convinced me that intangible factors were as important as tangible factors in innovation and economic development. Assets like trust are becoming more not less important because they enable partners to learn faster compared to low trust interactions. Many theories exist about trust, but the most telling reason why it is such an asset can be related to our own private lives – we divulge more information more often to the people we trust, and so it is in the worlds of business and politics. These intangible assets are today referred to as 'social capital'. The big debate is not whether social capital is an asset for development (I am convinced that it is) but how does one get it. I believe that social capital can be acquired through discussion and collaboration. One of the unfortunate parts of the debate about Putnam's famous book (*Making Democracy Work*) was that it implied that social capital could not be developed in the Mezzogiorno. I don't see the Mezzogiorno as some undifferentiated land mass in which people are the powerless victims of circumstance, but as a highly nuanced part of Italy where there are some very encouraging local developments (within the regions of Puglia, Basilicata and Campania for example) and these need to be saluted and enhanced not buried under the blanket term of the Mezzogiorno.

Civic capacity, public-private partnerships and a political leadership which is honest and creative are the factors which I would highlight as being the most important for economic development in less favoured regions today. This is one of the reasons why I have been following the career of Antonio Bassolino with great interest. To my mind his career raises some of the biggest questions in development. Can individuals make a difference? Can trust and social capital be constructed in the context of a low-trust environment like Napoli and Campania? Will he be able to construct a wider civic capacity and political culture to sustain his strategy when he has left office? I will always remember that I was in Napoli the week that he was promoted to Rome as Minister of Labour. There was a very animated debate among the waiters in my hotel and they were completely divided about this news. One side felt proud that a Neapolitan was being elevated to Rome. The other side (with which I personally identified) argued that there was still much to be done in Napoli and that therefore he should stay to see his work through.

These men (and they were all men) were debating the role of social capital in terms of their own experience of their city and this made me think that social capital is perhaps one of those things which works better in practice than in theory!

4. How can we address peripheral regions (like the Mezzogiorno) in the context of globalisation?

I do not wish to under-estimate the awesome pressures of globalisation but I often think that globalisation is being invoked by many governments as an excuse for not pursuing a more active strategy for social welfare and territorial justice across the EU today. And let's remember that social welfare and territorial justice are not primarily the responsibility of the EU executive in Brussels. Indeed, as the European Commission stressed in its first report on cohesion – 'solidarity in the Union begins at home', a reference to the fact that the largest part of expenditure on cohesion comes from national governments not the EU. We can and should address the problems of marginality in a more radical and innovative way and, as I said at the beginning, this must consist of a shared endeavour between the EU, member states and the sub-national authorities in each state. I have a particular interest in sustainable agri-food chains and I have always thought that the Mezzogiorno could be a much more prominent actor in these kind of markets – the markets for high value organic foodstuffs for example. This is just as much a part of the 'knowledge economy' as internet-based companies, not least because the sustainable agri-food sector needs highly specialised skills throughout the food chain, from farm to fork. But this is merely one example of a more generic point: regions in the Mezzogiorno, like less favoured regions elsewhere in Europe, will need to identify their best assets and mobilise all available resources to develop these assets in a sustainable manner. The most important asset of all however is the **capacity to innovate** and this depends on an intangible resource, namely a disposition to collaborate for mutually beneficial ends.

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