Anselmi, Francesco Antonio

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Innovations of the Policy of Regional Development of the OECD and European

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1. Introduction

The policies of regional economic development in the seventies, within the OECD and European, are united by correction of economic disparities (rates of GDP growth and income unbalanced), technical, redistribution of opportunity between regions and insufficient allocations of resources (human, financial and infrastructural). They are based on the following points: a) massive financial assistance (to develop infrastructure and public services) to the poorest regions, b) artificial creation of poles of economic development at regional level, c) creation ex nihilo of technology, d) attempts to keep alive declining industries to protect local employment.

After twenty-five years of interventions the results were disastrous, and many countries in the OECD\textsuperscript{2} and EU have been interrogated on the usefulness of continuing to adopt them and now has become progressively oriented towards a new paradigm, especially in light of globalization, based on the following five pillars, concerning: 1) regional policies directed to all regions, from the poorest to the richest; 2) policies to mobilize all resources to maximize opportunities for local development of all regions through the formation of the territorial capital, which allows to develop an investment multiplier; 3) measures of central government to ensure the maintenance of quality infrastructure, public services and ensure an environment conducive to business development, interventions aimed at the dissemination of knowledge (education, training), technology and innovation; 4) measures aimed at the development of social capital, environmental protection and the creation of a framework of quality of life; 5) a regional policy pursued at the national level, which is consistent with the policies put in place in regions and cities, with the processes of decentralization of responsibility supported by fiscal resources that they can achieve.

\textsuperscript{1} Francesco Antonio ANSELMI, Aggregate Professor of Applied Economics and Economics of Tourism Industry – Faculty of Economics – University of Palermo.

\textsuperscript{2} OECD member countries 1) Austria, 2) Belgium 3) Denmark 4) France 5) Great Britain 6) Greece, 7) Ireland 8) Iceland 9) Italy; 10) Luxembourg 11) Norway 12) Netherlands; 13) Portugal 14) Sweden 15) Switzerland 16) Turkey. 17) Germany (it became a member only after the end of the period of employment of allied countries) 18) Spain (joined in 1959). The organization's headquarters, originally called the European Organization for Economic Cooperation (EOEC) was set in Paris. On 14 December 1960, arrived in Paris to sign a new convention from which gave birth to the Organization for Economic Cooperation and Development (OECD) came into being 30 September 1961 and replaces the EOEC. They went to join the countries that signed the EOCE, in addition to 19) Canada 20) United States while later, also will join 21) Japan, 22) Finland, 23) Australia, 24) New Zealand, 25) Mexico, 26) South Korea, and finally, after the dissolution of the communist bloc 27) Czech Republic, 28) Poland 29) Hungary 30) Slovakia went to join.
Designing measures of regional economic policy and centered on the strategic behavior of actors in the creation of a milieu innovateur development that has the basic territorial competitiveness requires that:
- the resources of the territory;
- the involvement of different stakeholders of the institutions;
- the integration of business sectors in terms of innovation;
- the cooperation of other sectors and linking up with regional, national and European and global context.

The objective of this research is to analyze aspects of these new pillars (guidelines) aimed at overcoming regional disparities (economic, technical and infrastructure) and ensure sustainable development, promoting new methods and practices as part of new strategic new strategic issues for cohesion and regional competitiveness, through a process of integration of economic, social, cultural and environmental activities.

2. Character and results of three decades of regional policies

The policies of regional economic development in the seventies are in place in terms of correcting inequalities through redistributive measures and were therefore seen as a problem of redistribution of opportunity between rich regions and regions "economically underdeveloped and as a problem of insufficient allocation of resources (human, financial, technical and infrastructure).

The regional policies of that period can be summarized, as already stated in the introduction, the following actions:
- massive financial assistance (to develop infrastructure and public services) to the poorest regions;
- creating artificial poly economic development at regional level;
- creation ex nihilo of technology;
- attempts to keep alive declining industries to protect local employment.

After thirsty years of operations the results were disastrous. An assessment of the results can be summarized as follows:

a) the massive financial measures to build infrastructure and develop public services in poorer regions are mainly determined distorting markets and a culture of dependency, which has damaged the development of such regions;

b) the artificial creation of poles of regional economic development projects has led to very expensive, much of which had no future;

c) the creation of technology centers from scratch is not successful, as not having had contact with the region where the investment was made;

d) actions in defense of declining industries to protect local employment, in most cases has led to unnecessary costs.

During the early '90s, alongside these failures started to be noted that the regional problem should be solved considering different angles in relation to that failure of the interventions of the peripheral regions was detected in the loss of competitiveness of regions and central urban areas where a concentrated number of significant issues of social, exclusion, delinquent activities and many countries in the OECD and EU have questioned, the
usefulness of continuing to adopt and now has progressively oriented, also in the light of globalization, towards a new paradigm, which rests on five pillars.

3. The new pillars of regional policy in the OECD

The failures of the regional policy and the great changes brought by globalization have also losing competitiveness to those more prosperous regions and cities, places where you focus a series of social problems leading to new strategies for competitive positioning of regions and nations, that we can represent by five pillars:

1) regional policies directed to all regions, from the poorest to the richest one;
2) policies to mobilize all means to put in a position to maximize opportunities for local development of all regions through the formation of the territorial capital that allows them to develop a multiplier of the investment;
3) measures of central government to ensure the maintenance of quality infrastructure, public services and ensure an environment conducive to business development;
4) interventions aimed at the dissemination of knowledge (education, training), technology and innovation, measures aiming at the development of social capital, and finally all measures to protect the environment and create a framework of life of quality;
5) a regional policy pursued at the national level, which is consistent with the policies put in place in regions and cities, with the processes of decentralization of responsibility supported by fiscal resources that they can achieve.

This is to put actions to mobilize all the resources so that the regions are able to maximize their chances of endogenous development. The investments are activated in a region not to take advantage of the stimulus, but to form a territorial capital enable to develop a multiplier of investments.

If the poorest regions benefiting financially when their income is insufficient to cope with their tasks, while the central government must take care in different countries so that there is maintenance of quality infrastructure and public services and development of modern means of transportation and communication to ensure all regions a level of accessibility. The role of central government is not to maintain artificially the same level of infrastructure in all regions, but to ensure the maintenance of an environment conducive to the development of economic and social activities.

An important role must be offered by the infrastructures of intangible nature. These actions are able to strengthen the competitive advantages of regions through the dissemination of knowledge, technology and innovation, all measures aimed at the development of social capital, measures to ensure peace and social cohesion, encouragement entrepreneurship.

The territorial policy at national level must be compatible with the development policies pursued in the regions and cities. There is a need for a distribution of responsibilities and financial resources at national, regional and local level, avoiding decentralization of responsibilities that are not accompanied by fiscal resources that they can achieve.
The approach concerns the delays of the infrastructures in peripheral regions, even considering a strategy for competitive positioning of regions and nations. Strategic actions for regional development require the use and creation of specific local resources capable of competing with the outside world, with global and to outline policy measures focused on regional economic and strategic behavior of actors in the creation of a milieu that knows innovateur create resources (human, financial and technical), the unique in which we can recognize into and in which we can be recognized (Unique Selling Propositions) development, which have the basic territorial competitiveness requires that:

- land resources;
- the involvement of different stakeholders of the institutions;
- integration of sectors in terms of innovation;
- cooperation with other sectors and linking up with regional, national and European and global context.

Territorial competitiveness consists of four dimensions, which combine in a specific way. They are:

1) social competitiveness: it refers to the ability of the subjects (actors and institutions at various levels) to coordinate effectively a vision of the future. It is mutual trust, willingness and ability to articulate that structure individual and collective interests;

2) competitive environment: it means the ability of players to enhance the environment as a distinctive feature of their territory. Environment includes the picture of the population settled on the territory and hence the built heritage;

3) economic competitiveness: it relates to the production and maintenance within the territory of the greatest added value, consolidating points of contact between the various sectors to enhance the specificity of local resources;

4) the positioning in the global context. The various players must find its own position relative to other areas to realize their full territorial project in symbiosis with globalization.

In this context, the territorial capital (consisting of physical resources, human resources, cultural identity, expertise, financial resources, enterprises, public institutions, markets and reports) can belong simultaneously to several dimensions that interact with each other.

In summary the new policy of the OECD, which represents the most advanced countries in the world is expressed by an endogenous development of specific territories, sustainable development (social, ecological balance and economic efficiency) and a nurse responsible for organization and distributed to different levels intervention (national, regional and local level) involving the private sector, social partners, third sector and civil society as a whole.
4. The concept of territorial capital

The concept of territorial capital includes a set of elements that constitute the wealth of the territory, including the geographical, economic, social, cultural, political and other, to be explored in real and potential terms. It is not an entity nor universal nor immutable. Territorial capital is based on a comprehensive consultation with the territory and the search for solutions using local resources or endogenous to achieve sustainable development. Endogenous resources are a multiplicity of components that identify the profile of the area. They are:

1. physical resources and natural capital (water, soil, air), plant biodiversity and animal management, facilities and infrastructure, historical and architectural heritage, etc.;
2. human capital includes knowledge and skills found in an area related to individuals (education, training, research and development) and also the demographics and social structure of the population;
3. social capital identified with relational structures can facilitate the implementation of collective projects, with the ability of individuals, groups, organizations and institutions to work together to achieve common objectives and benefits and trust and reciprocity, which are developed through a process of continuous interaction;
4. the know-how and skills (implicit and explicit, the mastery of technologies, the ability to solve problems promptly, etc.);
5. the cultural capital and identity of the area represented by knowledge, sharing of values not only of economic entities operating in the territory, the type of mindset, their attitudes, forms of recognition, their customs, etc.;
6. the institutional capital, which concerns the specific forms and methods of interaction between institutions and local governments, the rules of politics to the degree of autonomy in managing the development, including financial resources, namely the level of governance, trust institutions, and forms of consultation and participation of stakeholders;
7. the image and perception of the area (by the inhabitants themselves and outside), the local communication;
8. the position of the territory in different markets, contacts with other areas, sharing networks, etc.

All of these components constitute the territorial capital, a concept that is not static but dynamic, and represents the combination of components intangible materials available to the territory. They may be strengths or weaknesses depending on the issue. It's a complex whole, which is part of a logical space-time. The territory is a dynamic entity, multi-faceted, evolving over time, as the result of a link between past, present and future. It is enriched by comparing the present situation with what happens elsewhere, analyzing successes and failures, projecting into the future based on an analysis and a desire shared by local actors. The capital can therefore be represented by an ellipsis located at the intersection of two axes (one axis past-future and internal-external).
This ellipsis is constantly changing, enriched, it defines more precise with elements from the past (history), the future (the project), internal to the area (interactions between different actors, institutions, local area networks) and its relations with the outside world (trade with markets, institutions and networks).

Figure 1. Territorial capital

The global approach must consider the reality of the territory into its various components: environmental, economic, social, cultural, political, in order to explore all existing and potential resources of the territory.

The territorial approach invites public and private, organized in a local partnership to design a development program for its own territory, defined in consultation with the population and overall negotiating with public authorities, regional or national authorities on territory. The territorial approach also proposes a new concept of the relationship between community and the developing project that is promoting the involvement, the consultation. These methods of deriving the "participatory democracy" that uses a large extent the circulation of information, creating moments of exchange, training, research and the emergence of projects, etc.

5. Some peculiarities of the new regional policy at EU level

Having illustrated the novelty of regional development policy of the OECD and the characteristics of the territorial capital, it needs attention on EU regional policy, which differs in some respects to those considered in the OECD. The new regional policy of the European Union (EU) focuses in the search for competitiveness in innovation, which requires the transition to a knowledge-based society and economy in the world can produce
more widespread prosperity and greater social cohesion (Lisbon European Council, 2000 and the Treaty of Lisbon, 2007).

In this context, human capital becomes an important factor and training and lifelong learning become the factor of innovation and regional competitiveness. These actions will promote innovative methods and new practices, under the following new strategic themes:

a) a regional economy based on knowledge and technological innovation finds competitive advantage, rather than on cost savings that can quickly zero in an economy of globalization, therefore it tries to build a regional institutional framework that enhances human capital, training and lifelong learning, that become factors for the creation and dissemination of knowledge in productive major source of innovation and regional competitive advantage. To build an environment and a regional institutional framework that promotes the creation, dissemination and integration of knowledge in productive, we need to promote links between businesses, universities, financial markets and other technology partners;

b) a society of knowledge (and information) to the service of regional development must spread knowledge as much as possible to ensure that EU regions disadvantaged by their isolation (geographic and economic) may be able to exploit new knowledge, and have enormous capacity for networking, to reduce the disadvantage and / or preventing new inequalities, to build on the strengths, increasing competitiveness, in particular small and medium enterprises (SMEs) and also to consider the applications at the service of citizen and government to promote equal opportunities among the residents;

c) regional identity, cohesion and competitiveness. The territory is placed increasingly on the implementation of public policies designed to enable the Union and its regions to fully exploit their potential for endogenous development.

The European Parliament argues that the cohesion policy, which consists in reducing the gap between socio-economic development levels of various European regions should cover the whole territory, as it is not only a mechanism of solidarity, but also an element of stimulation of endogenous development of European regions (European Commission 2008). Cohesion and regional competitiveness is achieved through the acquisition of integrated economic, environmental, social and cultural (regional identity and sustainable development). The regions must be able to improve the living conditions of their inhabitants and working through their strengths and competitive in terms of sustainability that can be determined by specific competences, strategic location, a very good environmental situation, cultural infrastructures, traditions (local products, food, etc.).

Cohesion policy plays an important role as a pillar of European integration and promotion of harmonious development, in particular by reducing economic and social disparities between regions.

The mission of the European cohesion policy is to facilitate integration. Cohesion policy is the EU's main instrument for mobilizing local resources and potentiality and addressing the territorial impact generated by European integration. The strong
The territorial dimension of politics has been recognized in the Treaty of Lisbon with the introduction of the concept of territorial cohesion. It is a policy that mobilizes endogenous potential around Europe and it facilitates the search for innovative solutions to improve competitiveness and to respond effectively to the pressing challenges of global interdependence and the emergence of China, India and Brazil as economic powers.

A regional policy should respond effectively to new challenges of the future (globalization, technological change, social cohesion) and enhance the territorial capital (regional identity), which is composed by material and human capital in the region.

The innovations introduced by the reform of cohesion policy provide for each beneficiary country, a National Strategic Reference Framework (NSRF) that, for all the objectives of cohesion policy, defines the beginning of the new programming cycle, the strategy that you will pursue such policies.

The National Strategic Framework 2007-2013 represents a change from the previous programming cycle under the objectives of regional balance with the priorities of the Lisbon (2000) and Gothenburg Strategy (2001) and the reflection of changes in international competition. The NSF has identified a significant change compared to the traditional approach of cohesion policy is the project "Target service" intended to provide collective services and expertise in areas that are considered essential to quality of life and equal opportunities of citizens and convenience to business investment.

A peculiarity of the NSF is to define ten priorities, with a strong focus on the exploitation of specific identities and potentials, detectable in urban areas and local production systems and takes on four macro objectives:

1) developing the circuits of knowledge;
2) enhancing the quality, safety and social inclusion in the territories;
3) strengthening the production chain services and competition;
4) internationalizing and modernizing the economy, society and government.

Community regional policy, or policy of cohesion, its objective is the strengthening of economic, social and territorial cohesion by reducing development disparities between regions and Member States.

However, over some of the procedural news, there is a fundamental aspect of European regional policy that is traditional until 2013: it relates to the use of structural funds, which are mainly aimed at reducing disparities between disadvantaged areas and developed regions.

The EU regional policy for 2007-2013 is the second in the EU budget, 36% of the EU budget with 348 billion euros over three priority objectives: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation.

1) The purpose Convergence aims to accelerate the convergence of Member States and the less developed EU regions by improving conditions for growth and employment. This objective is financed by the ERDF, the ESF and the Cohesion Fund. It represents 81, 5% of the total resources available. The maximum co-financing of public expenditure amounted to 75% for the ERDF and the ESF and 85% for the Cohesion Fund.
2) The Regional Competitiveness and Employment "aims to advance the economic and social change, promote innovation, entrepreneurship, environmental protection and development of labor markets even in regions that are not in the purpose of “Convergence”. It is financed by the ERDF and the ESF and represented 16% of the total resources available. Actions under this objective can be financed up to 50% of public expenditure.

3) Objective "European Territorial Cooperation" aims to improve cooperation across borders, transnational and interregional cooperation in the areas of urban development, rural and coastal development of economic relations and the networking of small and medium-sized enterprises (SMEs). This objective is financed by the ERDF and represents 2.5% of total resources available. The actions under the "territorial cooperation" can be financed up to 75% of public expenditure.

The support of the Structural Funds and the Cohesion Fund to the three objectives outlined above takes the form of co-financing.

Although these funds are part of the Community budget, they are spent according to a system of shared responsibility between the European Commission and Member States. The Commission negotiates and approves the development plans proposed by States and allocates resources. Member States and regions manage the programs, implement them by selecting projects, control and assess them. The selected projects are financed by the European Commission also monitors and verifies the control systems.

In 2007-2013, the regions choose how to focus investments on specific areas according to thematic priorities in the regulations. The implementation of the program involves a reporting level of priority with benefits in terms of flexibility. Enlargement to 27 Member States took place in January 2007, increasing the Union area more than 25%, 20% of the population, wealth, only 5%. The EU average GDP per capita has fallen more than 10% while regional disparities have doubled. Since approximately 60% of legging regions behind dislocated in the Member States which joined after 2004, the gravity centre of regional policy has inevitably moved to the East.

For 2007-2013, the economic and social cohesion is likely to increasingly focus on crucial aspects of development on economic growth and employment while continuing to support regions which have not yet completed the process of convergence. On the other hand, areas which are facing specific structural problems (areas undergoing industrial restructuring, urban, rural or dependent on fishing activities, areas with severe natural or demographic handicaps) continue to demand structural interventions.

The reform of regional policy for 2007-2013 finally focuses on the simplification and decentralization of management of financial instruments of regional policy (Structural Funds and Cohesion Fund).

6. The future of European cohesion policy post 2013

The debate on the future of European cohesion policy is particularly vivid and comes from a dissatisfaction of the results of many supporting policies in (political supporting) depressed
areas of the European community, which took a lot but that did not lead to a widespread development of the most (the more) disadvantaged areas.

In view of the unsatisfactory performance of regional policies based on subsidies and a report on top-down, most of the OECD countries are oriented, as already mentioned before, to a new paradigm of regional policies that will improve the competitiveness of areas characterized by the following aspects (Table 1): a) to pay attention to the endogenous characteristics of each area rather than exogenous characteristics (such as transfers from outside; b) strategies for actions that address a wide range of factors, direct and indirect, to encourage entrepreneurial activities on a given territory; c) a collective approach of governance, involving national, regional and local level, with the Central Government which has a less dominant role; d) emphasis on the opportunities to reach rather than on disadvantages compared to other areas.

Table 1. The old and the new paradigm of regional policies

<table>
<thead>
<tr>
<th>Features</th>
<th>Old paradigm</th>
<th>New paradigm</th>
</tr>
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<tbody>
<tr>
<td>Objective</td>
<td>To compensate temporarily for the disadvantages in the localization of lagging regions</td>
<td>To mobilize the potential development under-utilized to develop the competitiveness of regions</td>
</tr>
<tr>
<td>Intervention unit</td>
<td>Administrative unit</td>
<td>Functional areas</td>
</tr>
<tr>
<td>Strategies</td>
<td>Sectoral approaches</td>
<td>Plans of integrated developing</td>
</tr>
<tr>
<td>Economic instrument</td>
<td>Incentives and state supports</td>
<td>Mixture of hard and soft interventions (on material and human capital infrastructures, markets, social and network capital)</td>
</tr>
<tr>
<td>Subject</td>
<td>Central government</td>
<td>Different levels of government</td>
</tr>
</tbody>
</table>

*Source: OCSE, Territorial Reviews.*

The goal of the paradigm is to mobilize regional resources underused, boosting production in areas where there is a competitive edge by supporting the innovative sectors, training of social capital, the growth of inputs in order to make the region competitive.

In recent years many countries have revised policies by introducing the new paradigm of regional policy. The OECD considers the cases of Finland, Wales, England, Scotland, Sweden, Netherlands, Northern Ireland and other OECD countries.
The position of the Sapir report (Sapir et al. 2003), the British Government one, of the Member States more Eurosceptic than the net contributors to the budget, it is to bring national definition and implementation of regional policies.

This current of thought related to intellectual positions with the interests of various member countries considers highly redistributive regional policy: more cohesion, but less growth. The spirit and letter of the Treaty of Maastricht (1992) and Lisbon (2007) refer to the use of resources for regional cohesion policies to reduce diseconomies and to create external economies and investment opportunities in the affected area. The very important aspect of policies is not to spend financial resources in a region to stimulate aggregate demand, but spending well those resources to make active the under-utilized resources and trigger cumulative processes of growth, resulting primarily the supply side effects, strengthening and improving the context in which businesses operate. From this point of view, the policies must come from a successful interaction and collaboration between different levels of governance, emphasizing the role of physical capital, of "social capital" local human capital (education, research), the collective public goods which are necessary complements of development processes (Veltz 2002), trust and legality. Therefore we cannot reduce the principle that regional policies become "purely and simply" a state competence.

Within this debate fits, in particular the Report of Fabrizio Barca (April 2009) "An agenda for a reformed cohesion policy" which contains an evaluation of the effectiveness of European regional policy and a series of proposals for its reform for the period after 2013. The Report of Barca considers the new paradigm as a starting point of the review process of cohesion policy, making, nevertheless, it flexible and taking into account differences in the territories. The new cohesion policy must lead to the construction of a "regional social agenda" that ensure essential standards to European citizens and workers, a few major priorities on which to work through the provision of public services in Europe and a more careful use of the same with premiums and evaluation policies. The areas identified as possible candidates for the concentration of European concern: Innovation, Human Capital, Climate Change, Migration, Children and Ageing. The Report, however, there is no explicit reference to change the criteria for the territorial allocation of resources between lagging regions and developed regions.

The Report is called for a major change in resource management, according to a multi-level governance, with agreements between the European Commission, Member States and regions, oriented to transparency and to the achievement of targets. In the absence of governance that public action can lead to more mergers and more territorial inequalities with negative implications for a regional and national growth.

In conclusion, the new European regional policy seems to respond effectively to new challenges of the future (globalization, technological change, social cohesion) and enhancing the territorial capital (regional identity), which has to the base material and human capital in the region.
7. Conclusions

Over a quarter of a century of responses to policies aimed at reducing regional economic and social disparities between 'rich regions' and 'poor regions' through redistributive measures have proven unsuccessful. In addition, new problems are not only economic but also social (exclusion, delinquent activities) affect the central regions and cities.

The objective of this research has focused on the new regional policy in the OECD countries and in the EU to ensure the sustainable development, promoting new pillars (new methods and practices), new techniques of new strategic issues for cohesion policy and regional competitiveness, through an economic, social, cultural and environmental process of integration.

Those pillars give birth new concepts such as territorial management and territorial competitiveness, emphasizing the need for a territory to know and to create a unique set of resources in which can recognize and can be recognized (to create Unique Selling Propositions).

In the economy of the twenty-first century to compete it is not only the company, but the territory that must be considered as a large and complex "organism" composed of actors and activities whose value added is 1) the organizational values, 2) the ability making system, 3) social cohesion, 4) security to compete.

In particular, regional policy at European level has highlighted the limits of the policy of structural funds and cohesion in terms of having missed the target level of convergence, competitiveness and cooperation between developed and developing countries lagging development and possible reforms of the action lines. A very important aspect of EU policies is that they must come from a successful interaction and collaboration between different levels of governance, emphasizing the role of physical capital, of "social capital" local human capital (education, research), public goods that are necessary complements of development processes, trust and legality.

In conclusion, the new regional policy of the OECD, and also in the EU is territorial in nature, which must be based essentially on three principles: endogenous development based on the formal value of opportunities for expansion of their territories; the sustainable development that combine economic efficiency, social cohesion and ecological equilibrium; governance more accountable, organized and distributed at different levels (national, regional and local).
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