

Competitive regionalism, industrial relations and active inclusion

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Is it worth studying the relationship between local governance, active inclusion and industrial relations? To give a brief answer to this question it is important to underline that since the beginning of the 1990s many social scientists have devoted increasing attention to the topic of regional development in European countries, trying to understand the local foundation of economic competitiveness and to identify the causes of disparities and persisting inequalities across regions. This has been reinforced by the fast-growing process of political devolution in many EU countries, which has increased the importance of local-level regulation for many issues related to economic and labour market policies. In this context, economists, geographers, sociologists and political scientists have identified many factors that help explain differences in economic development, such as physical infrastructure, a skilled workforce, geographical location, the existence of large-scale leader firms and a well-functioning network for the exchange of knowledge between universities and firms.

These collective resources are particularly important because despite globalization, firms are increasingly dependent on goods and services produced locally, and local and regional stakeholders are crucial. For example, many analyses of regional clusters specialised in manufacturing activities underline the importance of social capital in promoting cooperation among actors, as well as the role played by 'formal' institutions such as local and regional governments that have provided economic services and infrastructure (industrial areas, training and other services for firms) for local firms. At the same time, research on high-tech clusters emphasizes the importance of cooperation between local governments, universities and firms in accordance with a model referred to as a triple helix. Cooperation among local governments and stakeholders favours the establishment of institutions devoted to technological transfer, the creation of effective incubators for high-tech firms,

policies that promote a highly skilled workforce and the provision of well-targeted business services.

This model can be defined as ‘competitive regionalism’ because it is particularly focused on ‘economic competitiveness’. But at the same time, the role played by social issues in local policy making agenda should not be overlooked: in a context of welfare restructuring, local actors play an important role in many issues related to social cohesion, such as housing, local welfare provision, education, active and passive labour market policies. In other words, even in the model of competitive regionalism, the local level is becoming more and more crucial for policies related to social investment and in particular to active inclusion.

In this context, local policy-making has increased the degree of inclusion: local policies are the result of a process of decision-making and policy implementation that is open to many local stakeholders, favouring the participation of ‘new actors’ such as quangos, organizations representing civil society, the voluntary sector, environmental movements and citizens’ groups. Many policy instruments are adopted to favour these processes, such as forums, deliberative meetings, open assemblies and citizens’ juries. The role of collective actors is increasing and the mechanism of public-private partnership is becoming one of the dominant tools of local governance.

These very brief considerations suggest three main policy implications. First, especially in times of crisis, national governments need to invest more and better targeted resources in the promotion of local development and inclusion. But in many countries, even before the crisis, there was a contradictory tendency for competencies and the mobilization of local stakeholders to rise, but for funds and resources for local administration to be reduced. This has been exacerbated under the current crisis by the logic of austerity that has led to a further reduction of funds to local administration; without appropriate resources it is difficult to create an effective place-based political economy and this may result in lock-in in the field of socio-economic development.

Secondly, there is the risk of a the mobilization and activities of local stakeholders and the launching of a large number of projects and plans require effective

mechanisms of coordination, monitoring and policy evaluation. On the one hand, coordination is important to reduce duplication of effort and to create virtuous interaction between different plans and policies. On the other hand, an effective process of monitoring and policy evaluation could help to promote well-targeted policies. By this point of view, academic research may play a role, focusing on the mechanisms that lie behind local policies, on their effectiveness, on their strengths and weaknesses.

Third, at the local level negotiated policies may help to reduce the risks created by the crisis: they help to introduce a variety of views that can bring new elements and ideas into local planning and identify the 'hidden' needs of the local society. Naturally, mechanisms are needed that reduce the role of veto power and of long and inconclusive consultations between actors. In other words, it is necessary to promote effective negotiation processes, in which new actors and organizations may play a real and constructive role, avoiding ritualistic involvement aimed only at producing short-term consensus. For these reasons, effective negotiations can help to reduce socio-economic uncertainty and transform the mere rhetoric of 'local stakeholders' into innovative and effective policies.

These implications suggest that there is an important political space at territorial level for collective organizations such as unions and employers' associations. At the national level, they can make an important contribution to the debate on the relationship between active inclusion and regional development, even if this topic is often overlooked by unions. They could also aim at influencing measures to hinder the above-mentioned contradiction between devolution and the reduction of resources. At local level, unions and employers' associations may contribute to the making of measures and local strategy, to their implementation and also to policy evaluation and monitoring for many policy tools related to the labour market, welfare and territorial competitiveness. Thus, industrial relations' actors could offer a notable contribution to the contents of policies related to competitive regionalism and active inclusion; but in many EU countries unions and employers associations are not still playing this role. The study of strategies and logic of action of unions and employers associations and of regional governments may help us to understand

the reasons behind this missed opportunity; this is why it is worth studying the relations between local governance, active inclusion and industrial relations.

For an in-depth analysis of these topics, see:

Burroni, L. (2014) Competitive Regionalism and the Territorial Governance of Uncertainty, in *Transfer: European Review of Labour and Research*, Vol. 20(1) 83–97.