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FLY YOUR KITE: A METAPHOR FOR A THEORY OF TERRITORIAL DEVELOPMENT

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CONTENTS

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ABSTRACT

The profound changes underway throughout the world in all imaginable spheres -globalization, for example, understood as a process of generating interactive networks at exponential growth rates in the areas of commerce, finance, information, or the political changes associated with radical structural adjustment programmes- are turning conventional development paradigms into virtual museum pieces.

There is a universal clamour for new knowledge, without which we would be literally overpowered by the changes; we move from one state to another without comprehending the actual process of change and, hence without any power to intervene. The greatest threat is never being able to move up into the category of agents of change and thus being reduced to mere objects to be used, disposed of, or pushed aside.

Integration into the new global economy can be a traumatic process for a country, generally, or for certain national territories or regions within that country.

The eternal quest for that elusive thing development, is a matter of growing urgency not only for nations but also, increasingly, for subnational regione , which under the neo-liberal and decentralist models -notwithstanding the merits of these theories- are left to their own devices in terms of what they are capable of achieving.

Is growth today endogenous, as the new growth theories suggest (Romer, Lucas and others)? If so, does this also apply at the subnational level? Surely a greater degree of analytical refinement will be required the further down one goes in the territorial scale in order to distinguish the exogenous nature of growth from the endogenous nature of development?

The document explores these and other questions and put forward a set of hypotheses for growth and regional development that can be used as a basis for concrete action. The hypotheses are based on "Hirschmanian"concepts of relationships of cause and effect, rather than on the choice of particular growth or development factors.

The metaphor illustrates the fact that territorial development requires endogenous factors, exogenous factors and, above all, an intelligent approach and a certain art in managing them.

I. INTRODUCTION

Surely what we are saying is simply that development depends on the extent to which a country and its citizens have the capacity and the will to organize themselves for development?

Albert O. Hirschman

Many countries are faced with the cruel paradox of accelerating economic growth and a slowdown in development, rising increase in macroeconomic indicators and a decline in the more concrete indicators that measure convergence, whether it be of sectors, territories or individuals. The idea that growth should go hand in hand with some degree of social justice seems more and more remote from reality. Marshall Wolfe referred to "elusive development" while Douglass North, in a press conference held shortly after he had received the Nobel prize for economics, stated that many countries which had for decades followed to the letter the well-known neoliberal recipe for "development", could still see no sign of the long-awaited development.

Is development, in the full sense of the word, merely the result of a social entity's ability to organize itself (whether it be a country, region or commune)? Is it just a matter of how effectively one can "engineer guidance in the territory"? Could it, by chance, be the result of a fortunate "mix" of these two processes?

The laws governing social organization, that is, the law of viability, the law of complexity, the law of hierarchy, the law of conflict and the law of optimality, natural laws, according to Johansen (1996), do not guarantee that operation of an organization will necessarily result in a given "outcome" (for example, growth or development); they only give form to the organization so that it becomes difficult to accept development as an automatic outcome of the actual capacity for organization; nevertheless, one cannot dismiss the possibility of a "chance" outcome given a particular level of social organization, as outlined by Boisier (1996) in his reference to "the black box" of unbridled regional development. The illusion of the Enlightenment rationale, which reached a peak in Latin America in the early 1960s suggests that development might be based exclusively on "interventionist engineering". The more frequent and the more effective such intervention, the more policy-making became the basic blueprint for intervening in a context supposedly controlled by a single agent or actor who holds all the reins of power, i.e. the State.

As far back as the 1960s, the true picture was already more complex than anticipated by planners; moreover, once the limits of the system's tolerance had been exceeded, "social construction of reality" proved to be no more than an academic exercise or, as in some cases, an unfortunate political experience.

FLY YOUR KITE

Kite-flying is a universal sport and the object itself is known by a host of different names (in Argentina, a kite is called a "barrilete", in Central America and Mexico , a "papalote" and in Chile a "volantín"; in France, the term is "cerf-volant", in Brazil, "pipa", in China, "pianzi", in Greece, "xoptaetou" etc.). Supposing we were to ask a kite-flyer to make and put up a kite, the only restriction being that it should be hexagonal in shape, a restriction that in no way affects the processes involved, but has to do with the metaphor. If we follow closely the fulfilment of our request, we will note that a number of processes are involved: design, construction of the six-sided frame out of sticks, covering them with paper, tying each corner with string, joining the six strings at a specific point so that when the kite is held up from this point, it remains in a perfectly horizontal position, tying the twine with which it is to be flown to the knot, choosing an open space and...raising the kite and enjoying seeing it dancing in the wind. In short, planning + construction + management on the one hand, and a breeze, on the other, are the components that make it possible to enjoy this sport. Internal and external components, components that are related to the construction of the object and ***the ability to control it in a turbulent environment****. Any resemblance to a modern vision of "engineering" territorial development is no coincidence but fully intended.*

Let us set aside for a moment this image of the kite as an intriguing brain-teaser, and return to the question of frustrated development.

Development, as anyone interested in the subject will know, must be understood as a process of qualitative dimensions supported by a quantitative process, such as economic growth. Thus, if one wishes to explain the presence or absence of development (with all the ethical connotations that this term implies), one must begin by explaining growth; without growth, there cannot be development (any situation that implies a social improvement without growth is only transient and self-consuming). Even where there is economic growth, there is no guarantee that there will be development and, of course, the most paradoxical case is also the most common: growth without development or, in the best-case scenario, rates in the two processes that are completely unrelated. In the case of Chile, a country which has a relatively good regional data base, Boisier and Lira (1995 and 1996), in studying regional economic growth for a thirty-year period (1960/1990) concluded that only four out of the thirteen regions recorded above-average growth in gross domestic product (GDP), **based on an improvement in both productivity and overall competitiveness** (Tarapacá, Antofagasta, Coquimbo and the Metropolitan Region); moreover, the report of the United Nations Development Programme (UNDP) entitled *Desarrollo humano en Chile* (1996) indicates that in the period 1982-1992, the

human development indicator (HDI) for the country as a whole improved by 13%, while in the four "winning" regions, it increased by 2.9%, 2.9%, **28.8%** and 10.8% respectively. It would appear that, in most cases, economic growth was not accompanied by development, the exception being the region of Coquimbo.

From time to time, the constant preoccupation with growth and its prerequisites produces "waves of innovative thinking"; in this respect, the brief outline of Keynesian and neo-classical contemporary growth models, including the most recent "endogenous "wave, presented by C. de Mattos (1996) is particularly useful; moreover, this self-explanatory study offers the added advantage of providing the regionalist viewpoint.

Hilhorst (1996) notes with subtle irony the enthusiasm with which the "endogenous" wave of growth theories were welcomed even by experts in regional development with respect to the new credit given to the concept of economies of scale: **"Contrary to mainstream economics of some ten years ago, the New Growth Theory and the New International Trade Theory now assume that the production of goods and services tends to take place under conditions of economies of scale, and that imperfect competition is the dominant market structure. The acceptance of these assumptions is acknowledged with satisfaction by local and regional economists, who had accepted them for a long time, if only to be able to explain spatial structure".** Another point questioned by Hilhorst in relation to the new growth theories has to do with the assumption that technical progress is endogenous, which could be explained in terms of investment in research and development (R&D) and in education. Hilhorst concludes that this theory is particularly relevant for the industrialized countries since in the developing countries, technical progress is achieved mainly through the purchase of equipment and machinery from abroad or by direct transfer by transnational corporations.

Our position is that the <u>economic growth of a territory</u>, in the context of an increasingly globalized system, <u>tends</u> to depend increasingly on exogenous factors. A growing proportion of investment projects that take place in the territory (and which lay the foundation for its growth) admit as financial capital resources from external to the territory itself, given the growing transnationalization of capital or, what is the same for these purposes, the greater spatial mobility of capital (independence from geographical criteria, according to some authors). The relative weight of the exogenous components of the decision-making framework on which growth can, in a manner of speaking, be said to be based tends to be greater and greater. Despite this tendency, there are cases of endogenous growth, both in relatively primitive contexts as well as in more complex ones.

This affirmation goes hand in hand with another, according to which <u>development of a territory</u>, in the same global context should be the result of endogenous efforts, an affirmation of profound and wide repercussions in various fields, which extend to the

question of culture and social defence mechanisms when face with the prospect of total alienation.

Whereas economic growth is essential for development, it would appear that a correct reasoning would be more looped: conditions that generate development are also conditions that boost growth. In reality, as often occurs, the spiral appears to the most appropriate geometric figure for a graphic and mental representation of the correlation between growth and development: starting from an initial point (growth), one finds a path, which, without any solution of continuity, falls back (stimulates greater growth) and moves forward (development).

If globalization is not to be interpreted merely as threatening for specific territories, as Bervejillo (1995) suggests, if it is also to be interpreted as opening windows of opportunity for specific territories, as Carlota Perez (1996) so aptly puts it, then one must restore the dialectic or one of the many dialectics that characterize globalization, the global/local dialectic, simultaneous fragmentation and territorial construction, the innovation in globalization itself in the Schumpeterian sense of the term, the creation of a single space and multiple territories. For this purpose, the (organized) territory has to be the focus of a process of social and political construction which transforms it into an actor.

Obviously, development cannot be the prerogative of just a few. It cannot be the prerogative of the Swiss or Danes or Quebecers. Territorial development is a highly complex but perfectly intelligible social process and, as such, it lends itself perfectly well to "intervention" to trigger off or speed up the process. In developmental thinking, the only thing to be ruled out is nihilistic pessimism. To maintain a constructive (and constructivist) position with respect to development does not mean one is a "dreamer" or "Utopian" in the ordinary sense, because it is not a matter of ignoring stubborn reality; it is just that one should not forget that reality is constructed for mankind and, as such, there is no such thing as one single and immutable reality. As Reboucas et al. (1995) maintain in describing the successful experience with development in the State of Ceará in the north-east of Brazil, an experience which proves that collective poverty is not a mill-stone, it is just a large boulder on the road, "...**development is viable and stems mainly from the behaviour and organization of the society**".

Why is development so elusive? Far from pretending, absurdly, to give a conclusive answer, we would perhaps do better to leave the field of economics and approach the issue from a wider, essentially epistemological perspective.

Perhaps our inability to "act" in a social system to lead to a situation or a state of development has to do with our own mindsets, with various paradigms which we continue to cling to, in circumstances which have, to a large extent, lost their relevance.

To begin with, we are trained and perform professionally within the framework of a scientific, mechanistic and positivistic paradigm; some of the consequences of this are as follows:

a) We operate with reductionist criteria in interpreting the phenomena, and the more complex the phenomenon, the more obvious this is. Development is, almost by definition, a complex phenomenon, in the sense of the paradigm of complexity In terms of the law of complexity, Johansen (op. cit.) points out: **"to the extent that a social organization increases internal specialization (through division of labour), its complexity increases significantly (even exponentially), which tends to increase the uncertainty within the organization"**. But instead of recognizing this complexity, one resorts, in the search for the causality of development (in this instance, territorial development), to monocausal explanations which demonstrate , moreover, a sort of sequence of "trial and error" in time: a potential causal factor is identified, subjected to a comprehensive empirical analysis, note is taken of the fact that it proves inconclusive, it is abandoned and replaced by another, or at best, another potential factor is introduced or added , **based on the assumption that development is perhaps the sum of a number of factors**, yet another mistaken conclusion;

b) According to the so-called "scientific" explanation, the possibility of chance or even chaotic events is not accepted, insofar as the causal laws are assumed to be linear and immutable. Development can be produced by chance, that is to say by a fortuitous combination of causes, just as disorder produces order. The issue of chance regional development is discussed, as already mentioned, in a work by Boisier;

c) Symmetry between action and reaction, between cause and effect, does not leave any room for non-linearity, and the more complex the system, the more this acts as a means of linkage.

To continue, we are conditioned to reason in terms of a methodological paradigm with profound Cartesian roots. The classic outcome of this stems from our true "mania for disjunction" in building knowledge, which eliminates the paradoxes and circularities, replacing these by distinction, separation and opposition. The weight of Cartesianism makes it difficult to recognize the whole as the container and linkage of the parts (and not as the sum thereof), and prevents holistic and systemic thinking. Under such conditions, it is difficult to understand the nature of development, in its totality and with its numerous inter-linkages. In practice, it would be sufficient to glance at any proposal for development for any region in any country to discover, in the simple thematic formulation of the document, this penchant for segmentation, for partial analysis. According to Dora Fried (1994), in the introduction to the book, Nuevos paradigmas, cultura y subjetividad, **"Conserving circularity, failing to resolve paradoxes is tantamount to questioning the principle of disjunction-simplification in the construction of knowledge. It implies refusing reduction of a complex situation, linear discourse with a starting point and an end. It means rejecting abstract**

simplification. The method consists in learning to learn. This method does not provide a methodology, a technical prescription, but rather gives rise to a fundamental principle, a paradigm".

In conclusion, we are clinging to a paradigm for regional development constructed in a context of closed, State-run, centrally-planned economies, characteristics that are completely at odds with those that actually exist. It is now necessary to rethink the whole question of regional development in the context of open, decentralized market economies and this implies the need for an epistemological and instrumental change. We continue to treat territories and regions as closed systems and do not attach due importance to the relationship between the system and its environment.

Understanding in order to intervene presupposes changes in the paradigm. We cannot attempt to forge territorial development in the twenty-first century with mindsets that belong to the past. Unlike what has happened up to the present with the theory/reality duo in public policy for regional development in Latin America, it is imperative now to **place ideas before practice!**

II. EXOGENOUS TERRITORIAL ECONOMIC GROWTH

THE BREEZE THAT LIFTS THE KITE

In reviewing the new endogenous (macroeconomic) growth models, de Mattos (op.cit.) comes to the conclusion that such models turn around a central axis: a production function in which the growth rate depends basically on the stock of three factors, physical capital, human capital and knowledge (technical progress), which may be accumulated and also generate externalities. De Mattos also points out that "**long term growth is an endogenous economic phenomenon, which comes from considering that respective investments are carried out by economic agents whose motive is profit**".

New approaches to science - including the chaotic approach - like other postmodern theories, recognize the importance of scale, as referred to by Fried (op. cit.). With these approaches, will the endogenous nature of growth be independent of scale, in this instance, territorial?

Endogenicity has different connotations, according to whether one is referring to growth or development. Endogenous growth can only mean a pattern of growth such that the determinants are effectively controlled by agents belonging to the same system whose growth is sought. If we accept that the determinants of territorial economic growth are accumulation of physical capital or investments, the accumulation of knowledge or technical progress, external demand and spending by non-residents and, very important, the economic/institutional rules of the game, that is, the framework of national economic policy and its various territorial effects, then endogenous growth means that the principal agents that determine the accumulation of capital are natural and legal persons resident in that territory, that technical progress is generated mainly by the scientific and technological system of that area and that national economic policy also is in the hands of local agents. This shapes a utopian scenario for the great majority of territories worldwide, and the smaller the territory in question, the more utopian and the more open it will be. Since one cannot dismiss the fact that growth is to some degree endogenous, the question is precisely to measure or assess the degree of endogenicity of growth, in discovering the grey areas of a scenario which more ideological postures claim to paint in black or white.

Faced with those who cling to the "systemic overdetermination", there are others who adopt the opposite standpoint and try to prove the contrary. For example, Albuquerque (1997) goes to great pains to suggest - unconvincingly - that "**...the vast majority of production [and investment] decisions take place within national, subnational, regional or local scenarios**". Alburquerque, like many others, unconsciously uses resourcefulness, a special property present in complex systems (which makes scale a non-issue), because from a statement that may be provable

empirically at the national level, he moves without a break to different smaller scales. On the contrary, in terms of endogenous growth, scale is a major attribute.

Endogenous development, according to Boisier (1993), is a four-tiered concept. First, endogenicity refers to or is expressed on the political plane, in which it is identified as a growing capacity (territorial) to take appropriate decisions in relation to different developmental options - different styles of development - and in relation to the use of the relevant instruments, or the capacity to devise and execute development policies and bargaining power; second, endogenicity has a bearing on the economic level, in this instance reference is made to the in situ allocation and reinvestment of a portion of the territory's surplus for purposes of economic diversification, thereby giving it a sustainable base for the long term; third, endogenicity is also interpreted at the scientific and technological levels, in other words, the system's internal capacity to generate its own technological impetus for change, for bringing about qualitative modifications in the system; fourth, endogenicity has a cultural dimension, a kind of matrix that contributes to the socio-territorial identity. These multiple forms of endogenous development strengthen the potential for territorial innovation and are the result of the synergy of the social system. Understood in these terms, endogenous development is equivalent to placing the "control panel" for territorial development within its own social system. It is obvious that based on this interpretation, regional development is, by definition, an endogenous form of development, so much so that to speak of "endogenous regional development" becomes somewhat tautological. Clearly, regional development or endogenous regional development is a concept that relates to real people and not to abstract categories and in short, it consists in the permanent range of opportunities or options available to each individual - in everyday life, which is tantamount to an extension of freedom of the individual.

With respect to endogenous development, one of its main exponents, Vázquez Barquero (1995) writes: **"The available information is conclusive with respect to one central point: that a new development strategy has begun to take shape. Its final objectives are development and restructuring of the production system, increase in local employment and improvement in the standard of living of the people. The agents of this policy are not government entities or major urban enterprises but business agents acting on behalf of the government and local entrepreneurs. Each initiative accords a different priority to each of these objectives and this is due to the fact that each local community has to contend with specific problems, which economic and social agents have to deal with and overcome"**. According to Vázquez Barquero, endogenicity could be defined, more in terms of the territorial specificity of the problems than of decision-making control.

Turning again to the factors that determine territorial economic growth, it would be appropriate to begin by looking systematically at the process of capital accumulation, with a distinction between inflows of private external investment capital and public capital, including, among the former, both national and transnational investments. This

distinction is important because each obeys a different territorial logic; in fact, the territorial logic of private capital is a logic which operates by default, insofar as territorial logic of public capital is one that is based on rationalities that go beyond the purely economic.

Private capital is not "directed" at territories as such but at specific activities that demonstrate specific potential for direct or indirect profit. Naturally, since private capital operates in accordance with microeconomic profitability, it is invested in specific territories, fulfilling, en passant, a number of operations, ranging from the very "creation" of the territory (clearly, not in the physical sense of the term) to "management" thereof. In fact, there exists within the capitalist system, a logic of territorial expansion which is capable of providing a sound explanation of the configuration and economic dynamic of any national territory, but this logic is not based on territorial criteria but on criteria that relate to economic rationality, as suggested by Boisier (1982).

The decision-making system "behind" capital movements is a system that is completely exogenous to the region or territory. However, two types of action from within the territory can influence this system: on the one hand, through **promotion** and on the other, through **bargaining**.

Promoting the territory as an instrument of change of the strict economic logic of capital presupposes technical and cultural questions, as described by R. Friedmann (1996). Technical in the sense of building a **corporate image**, which in turn presupposes accumulation of scientific knowledge on the territory itself and use of marketing methods and cultural practices for promotion, implies moving from a traditional and conservative culture with respect to receipt of capital - **the culture of the trapper** - to a contemporary culture which aggressively goes in sets out in search of capital - **the culture of the hunter**.

The use of bargaining to modify capital inflows presupposes newly technical and political issues, insofar as one understands the political nature of any bargaining process, especially when the transaction components are partly social or collective. Proposals relating to "negotiated regional planning" made twenty years ago take on renewed value given the increasing ratio of exogenous to endogenous capital. Clearly, these bargaining processes apply more to public than private capital, contrary to what happens with promotion.

The accumulation of knowledge and technical progress, another of the factors that influence economic growth is usually highly exogenous and is in inverse proportion to the degree of industrialization and the size of the territory, without prejudice to the known cases of a few technopoles and technological centres (Silicon Valley, M-128, Sophie-Antipolis, Italian industrial-districts, etc.), which continue to be "cases" that are difficult to replicate. As already mentioned, Hilhorst and others also maintain that technical progress that reaches developing territories is, to a large extent, built into the imported

machinery and equipment or is the result of internal transfers of technology in the linkage between parent company and affiliate of transnational corporations.

How strange exogenicity appears if one factors in the exponentially rising cost of research and development! Costa-Filho (1996) uses this as the basic rationale for globalization insofar as this implies the creation, as a result of the need to recover capital, of a single space which coexists with multiple territories on a world map on which it is difficult to detect national boundaries. Veronica Silva (1991) made a thorough analysis of the difficulties and also of the potential for territorially endogenous innovation processes and proposes a set of instruments for setting up true **regional scientific and technological systems**. Malecki (1991) is a must as a reference for technology and territorial development, particularly the fourth chapter of his valuable opus magnus; both Silva and Malecki, among others, underscore the central issue of knowledge and technical progress in relation to endogenization of knowledge and technical progress when they point out that when a region or territory generates synergy in innovation, entrepreneurial capacity, and information, businesses located there tend to be technologically "progressive" and to adopt the best available technological practices. Systems and networks appear to be the key structures for creating and adapting technology and continuous investment in education is the key element for increasing the capacity for endogenous generation of knowledge and technical progress. With respect to the possible endogenicity of knowledge, the concept of milieu and above all, of the innovative milieu is, as Maillat (1995) suggests, highly interesting. With respect to the accumulation of knowledge and technical progress as a factor of growth, there is a tendency to equate both these terms with "innovation", in the four senses identified by Bienaymé (1986): a) product innovations; b) innovations designed to resolve, overcome or bypass technical difficulties in the manufacturing process; c) innovations that save on inputs; d) innovations in working conditions.

There is an extremely important form of knowledge from the viewpoint of territorial development and one that is rarely mentioned in technological and developmentalist discourse. We refer to the territory's own scientific self-knowledge, not the mere description and catalogue of its stock of resources, but the **innovative and productive chain** that it is likely to construct from all its local resources. For example, B. Revesz et al. (1996) are the authors of the publication Piura: Región y Sociedad. Derretero bibliográfico para el desarrollo, a volume over 700 pages long, published in Peru and which catalogues practically all that has ever been written, from various viewpoints on this region into a **basic and initial repository of scientific knowledge** on which to base any proposal for development. This is an example of generation of **endogenous knowledge!**

It goes without saying that external demand (including spending by non-residents, considerable in regions with an economic base linked to tourism) is a clearly exogenous growth factor, but it is easy to realize how enormous the potential influence the region or

territory as a whole can have over the decision-making structure of such expenditure, once again, through promotion.

National economic policy and its regionally differentiated effects, completely ignored until quite recently, has been turned into an extremely important factor for territorial economic growth and, hence, with an enormous empirical explanatory capacity. This is true even when this capacity is overrated, as sometimes occurs, and generates excessive requests for territorial discrimination of economic policy instruments, prices, taxation rates, tariffs and so forth. A useful example of this in Latin America is given in the book, ***El Desafío federal*** by Domingo Cavallo and Juan Antonio Zapata, written of course before the former took office as Minister of Economic Affairs of Argentina. A clear example of an argument made on behalf of the economic interests of a peripheral "centre" of accumulation that competes with the traditional centre (Córdoba and Buenos Aires respectively) in which a request is made for territorial (provincial) differentiation of the interest rate, the exchange rate, public service rates etc., with a view to correcting the adverse effects that the framework of the national economic policy would be producing in the Province of Córdoba.

More than ten years have passed since Folmer and Nijkamp (1985) wondered whether some successful cases of regional development (Silicon Valley, New England, Singapore) were regions with self-organizing systems in the sense of being capable of attaining a state of recovery based on their own capacity and without government guidance (i.e. a regional economic policy) or whether, on the contrary, there were cases in which economic policy had provided the conditions which helped to foster new economic initiatives. The authors concluded that it was obvious that **the weaker the region's capacity for self-organization, the more intense the regional economic policy needed to be in order to start a process of recovery**.

But a regional economic policy specifically tailored "**to influence or control the economic result of the regions**", to quote Folmer and Nijkamp, is one thing and the regional impact of the national economic policy is quite a different and even more complex matter, when, without being proposed explicitly, **the national policy influences and controls the economic result of the regions more forcefully than the regional policy itself**, generally as a result of the political weight of the national economic policy versus regional economic policy (usually significantly weaker).

From the theoretical point of view, the regionally differentiated effect of the national economic policy has a simple explanation: the difference between the inter-sectoral structure of the economy of the region or territory and the corresponding national inter-sectoral structure, which is the one used as a parametric reference to define the contents of a given global or sectoral policy. In some of the best-known texts on regional analysis, Isard (1960), Bendavid-Val (1974), Boisier (1980) describe the most common indicators used to measure this difference, together with specialist and other indicators.

But, at least in Latin America, credit for the empirical analysis on the regional effect of economic policy must be given to W. Baer (1965) for his pioneer studies on industrialization in Brazil. Subsequently, Boisier (1982, op.cit.) introduced the regional impact of economic policy as one of the three factors contributing to regional development (allocation of resources, effects of economic policy and capacity for social organization at the regional level).

As already argued, national economic policy, by definition, falls within the purview of the national Government and as such, constitutes, in the first instance, an information item or input for each and every region. This being the case, each region or territory may, **a priori** or **a posteriori**, modify the appropriate framework, through negotiation. Such negotiation requires **a significant input of scientific knowledge, in this instance, economic knowledge**, as the rational basis for negotiation; at the same time, a number of prerequisites must be satisfied: political (management of the bargaining process), social (collective support for bargaining, and technical (specification of the transaction space, identification of tradeable items, codes and processing standards, communication techniques, language, suasion, experience with controversial situations). Here, again, this opens up a room for the generation of endogenous knowledge.

III. ENDOGENOUS TERRITORIAL DEVELOPMENT.

THE BRAIN AND HAND THAT DESIGN AND MAKE THE KITE

If **regional development** can be seen as a "game" in which two players take part, the State and the region (the latter being merely an organized territory with its own **endogenous potential** for development), it is easy to appreciate that the role of creating the conditions that foster economic growth (through management of the two processes that it controls to a different extent: allocating funds among the regions and determining the framework for economic policy) lies with the first player, the State, while, the more complex task of transforming growth into development lies with the region. Direct allocation of funds to regions - regionalized public investment - tends to lose significance compared with the private component, but the State's capacity to send out "signals" to the private sector is very high and compensates for the reduction of its direct contribution. Nevertheless, no amount of resources contributed by the State is capable of generating development; at best, such resources create conditions for growth (or should we say the condition of territorial fertility, to quote Kampetter as did de Mattos in the above-mentioned work?).

With this simple division of labour, a matter of <u>coordination</u> clearly appears, for the time being between just two entities: the State and the region. As will be seen later, regional development presupposes a highly complex task of coordination of many

elements. If such coordination is not properly achieved, the result will be an increase in **entropy** instead of an increase in **synergy**.

In fact, almost all actions that generate a result, are accompanied by delicate processes of coordination. One has only to think, for example, of something as simple as hitting a tennis ball correctly (my coach repeatedly tells me that it is quite simple; I reply that if that were the case, anyone would be able to win at Forest Hills!). A good return requires: that the player is properly positioned on the court, hitting the ball at a given height, hitting the ball from a given distance from the player's body, placing the racket perpendicular to the ground, moving the racked from behind so as to hit the ball at precisely the right moment, looking at the point at which one is aiming to send the ball, using the exact amount of force, neither too much nor too little. This whole complex synchronization involves simultaneous or sequential decisions which, in any context, must be made within fractions of a second. One must have a mechanism that is capable of achieving this coordination.

The well-known United States neuro-biologist, Antonio R. Damasio (1996) states: "**As a first approximation, the overall function of the brain is to be well-informed of what is happening in the rest of the body proper, of what is happening to the brain itself, and of the organism's surroundings in order to obtain an adequate and sustainable adaptation between the organism and its environment**". Once again, any resemblance to the role of a territorial government is fully intentional.

From within the "guild" of planning experts, Faludi (1973) had already made an analogy between the functioning of the human brain and the way planning agencies operate, wherein both the human mind and planning itself are considered as "learning systems". It will be recalled that in a similar concept - **planning as a learning process** - was one of Hilhorst's favourite ideas (1971; 1990).

My earlier study (**The elusive goal of regional development: between the black box and the political agenda,** published in 1996), contains an important hypothesis on regional development, to the effect that the development of an organized territory (a concept similar to that of Maillat's "innovative milieu") is contingent on the existence, level and coordination of six developmental "factors", which, in general, are present in virtually any territory. The central issue would seem to lie in maximizing the **empowerment** of each factor and, above all, in obtaining a thorough and intelligent coordination, that is to say with a clearly established directionality. It now seems necessary to review this proposal, the central element of which is the neurobiological concept of **synapsis**, by emphasizing, primarily, the interconnection between pairs of factors, and, in a second and more complex operation, between pairs of characteristics of those same factors.

This proposal can undeniably be linked to the thinking of D. North, A. Touraine, A Hirschman and E. Morin, insofar as concepts such as **actors, organizations, culture** and **complexity**, appear as recurrent themes.

The first factor of endogenous development to be taken into consideration refers to **actors** present in the territory involved. Development is, in short, a **decision-making** process of huge scope and complexity and decisions are taken by human beings, by flesh and blood persons, who hold particular positions in the social web of the territory and who wield given quotas of power and maintain relationships characterized, at times, by trust and, at others, by distrust. The matrix of inter-personal relations in any region is critical for development. Empirical studies on the "relationship of trust" were carried out by Rojas (1995) in connection with the business sector of the Province of Concepción (Chile), an old and important industrial centre and chief town of the equally important BíoBío region. Rojas' studies conclude that the lack of "relationships of trust" in this territory has been a major stumbling-block in the formulation of collective projects on development and, as a result, has hindered development of the territory.

The first empirical task with respect to the actors is to identify, typify and list them. There are three categories of actors: individual actors, corporate actors and collective actors. The first are individuals who occupy specific levels in the power hierarchy, whatever be the source of that power and its influence; the second are institutions that represent sectoral group interests and the third relate strictly to territorial or regional social movements.

The Latin American and Caribbean Institute for Economic and Social Planning (ILPES), through its Office of Regional Policies and Planning, has developed and tested a "software" called ELITE which processes at high speed input information crucial for any collective development project: on identification of a universe (or a selection thereof) of social organizations belonging to civil society one can work out a **coefficient of consensus or, conversely of conflict**, which measures with a certain degree of objectivity, the type of predominant inter-agency relationships in the area and hence enables the analyst to make an assessment beforehand of the feasibility of a collective proposal; in addition, with ELITE it is possible to assign a "specific weight" to each person holding a given function in different organizations of the former structure and works out a "weighted political impact" for each person so that the analyst can dispose of **a list of persons classified on the basis of their importance in the local power matrix**. It is also to point out the importance of this type of information when it comes to "relating" the possible allies for a collective development initiative. It would be no exaggeration to say that these two indicators, "social climate" and "power matrix", are much more important factors than one usually recognizes when preparing a development proposal.

In addition to knowing the precise list of actors in order to rally the maximum political support for the development project, it is equally important to understand the series of characteristics that influence their behaviour (**ethos**) in relation, precisely, to the territory. For example, in the case of entrepreneurs, business ethics may include a component of "n" **achievement** as suggested by McClelland (1961), in which "loyalty to the place" plays an important role; it will help to determine a special and very important

category of actors: regional entrepreneurs, who function on the basis of a different capitalist logic from that based on a purely economic rationale.

A second factor of development, this time very much in line with the thinking of North (1992), are the institutions (which in North's language means organizations). Hence, in practice, it will be primarily a matter of drafting the institutional map of the territory, a register of institutions both public and private. But, more important than the list is the assessment of four characteristics that make up a "modern" institution: **speed** in responding to sudden changes in the environment, the **flexibility** it affords for responding in diverse ways (on a large or small scale, by making economic ad hoc arrangements or structural adjustments, etc.) as circumstances demand, **virtuality** as a prerequisite for making cooperation arrangements in cyberspace, beyond territories and frontiers, and **intelligence** as the capacity to learn from one's own experience in interacting with the environment.

We maintain that both the "rules of the game" (institutions, to use North's terminology) and the operational structures (or organizations according to North) are directly associated with the "result" achieved by any social system. The institutions/organizations present in a given territory have to do with transaction costs. In fact, regions where the **synergy** indispensable for endogenous development is generated more easily are regions where transaction costs are lower since the agents or actors share the same cultural codes and the same legal system and a set of social relations that lend themselves to the emergence of the cooperation/competition cultural mix.

Some of the organizations that make up the "institutional map" of any region and that must be studied on the basis of contemporary requirements are: government agencies, universities and scientific centres, public utility companies, State-owned enterprises, the press, trade unions, town councils, non-governmental organizations (NGOs).

A third factor for territorial development, more in line with Weber and Hirschman, is culture, a wider concept than the "residual factor" which appears in literature on growth from Solow onwards.

While it is doubtful whether such a thing as a "universal culture" actually exists, this is not the case with the concept at the other end of the spectrum, i.e., "local or regional or national or territorial culture", a concept which denotes the existence of a **cosmogony** (a vision of the world and a set of responses to fundamental questions posed by human beings) and of an ethic (set of standards that govern relations between the individuals in a group and between the latter and its material resource base or environment) which in a given place or territory are different from those to be found elsewhere.

With respect to the role of culture - in the broad sense of the term - in the development process, a multidimensional question and one of considerable complexity,

some reference should be made to Peyrefitte's controversial book (1996) in which special attention is paid to **trust** (which is indeed a pattern of conduct based on culture and ethics) in establishing a climate that fosters development; "trust" not only as a way of regulating interpersonal relations, but individual "trust" in oneself and collective "trust" in the society, or in freedom. We have already referred to Rojas' studies (op.cit.) on the business sector in the Province of Concepción, Chile, which point in a similar direction; it was also mentioned, in passing, the case of the State of Ceará, in the North-East of Brazil, where a veritable "cultural revolution" is taking place in terms of the collective perception of development creating a favourable social climate for such development.

In the broad sense of the term "culture", it is interesting to know its capacity to produce a **self-reference**, that is the capacity to produce the identification of the society with its own territory, or put another way, that culture's capacity to introduce territorial reference codes in its self-identification messages. What codes or what referents can one discover behind a message such as: "I am Valdivian" (from Valdivia, in Chile) or "I am a 'paisa'" (a countryman from Antioquia, in Colombia) or "I am a gaúcho (from Río Grande do Sul, in Brazil)? What is their territorial scope? How does the urban space differ from the rural in these messages?

The practical importance, in the final analysis, of territorial culture as a generator of culture-specific referents lies in the possibility of creating specific and particularized business niches in a global context which contains powerful homogenizing forces. Culture is expressed not only in intangible ways but also in products and production technologies and such products and technologies may be protected against homogenizing influences by means of government provisions, such as designation of origin and other well-known measures. French cognac, Spanish Manchego cheese, Caldas rum, Montecristi hats are all well-established examples in the business world.

But, in addition to culture in the broad sense, what can be properly termed **development culture** in the territory in question, that is, how individuals respond to issues such as economic stimuli, contracts, risk, innovations, liberalization, etc. In this regard, two opposing forms of development culture can be discerned: on one hand, a culture where the dominant set of values is the **competitiveness/ individualism** duo and, on the other, a culture in which values such as **cooperation/solidarity** prevail unimpeded.

An extremely competitive and individualistic culture probably produces strong and accelerated growth in the territory in question, but excludes the subjective and ethical components of development in the full sense of the term; a culture where cooperation and solidarity predominate probably generates a higher degree of social equity, but with a low level of achievement in material terms. Development, then, appears to be associated with a virtuous mix of the two cultural models, something which seems like a notable feature of "Italian industrial districts" and which for that very reason is impossible to replicate. One will recall in this connection, the classic study by Walton (1977) on the role and

culture of local elites in the different growth/development experience of Medellín and Cali in Colombia.

The fourth development factor is associated with the procedures used by different institutions in the area. On account of their societal character, three of them are of particular interest. **First**, the procedure that sustains development management, that is, the series of ways of proceeding chosen by the territorial government precisely in order to achieve or boost development. For example, the procedure for development management usually adopted with respect to regions in Chile consists in **assigning public funds transferred to the respective governments through various financial procedures to a variety of projects, for the most part of a small-scale**. The procedure for development management also results in an ad-hoc procedure, adopted on a case-by-case basis, without any causal interpretation of the actual situation. There is a significant lack **of scientific knowledge** which could make government action more comprehensive and coherent. Thus, the prime concern seems to be a segmented approach to promoting development and this is considered as the "summation" of projects. Again, the analytical Cartesian approach seems to underlie these perspectives, now under Lindblom's old formula of **muddling through.** Secondly, the procedure for government **administration**, that is the way in which services are provided to the community, for example, services to the community that fall under government responsibility (basic education, health, social security, etc.) or how the territorial "State" relates to individual persons as "clients" applying for certain services, even those as basic as the issuance of certificates, payment of pensions, etc. In short, it is a matter of seeing how local government deals with its duties on a day-to-day basis, its everyday contact with individuals. **Third**, the procedure for processing information, that is, how the government lives up to its role of "reorganizing and restructuring the entropic flow of information". In any given territory, a phenomenal amount and variety of information is known to circulate in the form of a growing entropic flow that adds to uncertainty and transaction costs that hinder decision-making for development, as may be seen in Boisier (1996,op.cit.).

The fifth factor of endogenous development is a familiar one, since it concerns the resources that the territory has at its disposal except that the term "resource" admits of various interpretations. To begin with, there are material resources, which in turn, include natural resources and also financial resources; next there are human resources, understood not so much as a quantity, but basically understood in a qualitative sense, which has to do with the skills of individuals, their level of training and education, and the relevance of all this to the territory in question; the term resource may also refer to knowledge, a favourite issue in the new theories of global growth associated with names such as Romer and Lucas, and this factor appears henceforward as a crucial component of the "information society", the term used by Sakaiya (1994) to refer to the twenty-first century; lastly, the concept of resource may also be understood as a reserve of psycho-sociological elements such as collective self-confidence, faith in the future destiny, awareness of the society's capacity to build the future, cohesiveness, perseverance, collective memory, desire to emulate and, above all, **"the will to develop"**; Hirschman (1958) had already identified

"**desire for growth**" as an important component. These resources are increasingly recognized as fundamental to development, the latter being understood as a process more rooted in culture than in economic values. Their peculiarity lies in the fact that such resources become more abundant with use! In this respect, it is not surprising that economists have always tended to undervalue them.

The sixth growth factor (the reason for giving the kite its hexagonal shape now becomes clear) is the context (external environment), which is shaped by a host of entities over which the territory has no control, apart from some degree of influence, but with which the territory or region, as a whole, has to maintain a necessary and permanent linkage. This linkage refers mainly to its relationship with the State, the type of relationship it maintains with it (whether conflictual or cooperative), its integration in the central decision-making bureaucracy of the State (one has only to compare, for example the proportion of "Paulistas" - from the State of São Paulo - present in the upper echelons of the Federal Government in Brazil, with the proportion of "Penquistas" - from the province of Concepción - in the corresponding branch of the Government of Chile, to have an idea of the extent to which a region can manage to "penetrate" the national Government). The region's integration into the international market is also important together with other factors such as the contribution of its exports to gross domestic product (GDP), the importing countries and above all, **the type of good or service traded**, since the potential for development will be very different depending precisely on **the knowledge exported**. Lastly, with respect to the environment, another important element is the extent of the territory or region's integration within the modern network of international ties of cooperation, which shows a tendency towards horizontal cooperation **between regions**, which can facilitate the process of assimilation of knowledge and technical progress.

This **six-sided regional development** is what needs to be constructed, reinforced and channelled in order to foster development. The following section follows a line of thinking that is essentially "Hirschmanian" since, as Peyrefitte (op.cit.) remarks: "**Hirschman's interactive approach highlights the role of a mix of factors more than their existence**".

IV. ENGINEERING AND THE ART OF TERRITORIAL DEVELOPMENT

HOW TO PUT UP YOUR KITE AND KEEP IT ALOFT

In a paragraph reminiscent of Hirschman, Peyrefitte writes: "**The conscious aspects of development are important. Strictly speaking, the first industrial revolution in England may, admittedly, have occurred 'spontaneously'; but since then, 'industrial revolutions' have included at least an element of conscious action on the part of governments or companies. Can it be that the 'catalyst' for development is just an approach to 'growth'? This would mean not only 'the desire for growth', but also recognition of the essential nature of the path which will lead to it'**".

As Hirschman himself puts it: "**development does not depend so much on knowing how to find the best mix of given resources and factors of production as on obtaining, for development purposes, those resources and skills that are hidden, diffuse or inappropriately used**". The same author adds further on: "**Now we start to discern more plainly the nature of the 'link factor' which supposedly organizes and achieves, in a somewhat mysterious way, coordination of the diverse factors, resources and skills necessary for successful development**".

In the foregoing paragraphs, there are three fundamental ideas: that development depends more on a mix of factors than on the mere existence of such factors; one can imagine a catalyst that generates synergy, which is synonymous with development; it is possible to go beyond self-organization.

The six factors identified above which are essential to territorial development can interact in two different ways. On the one hand, they can do so in **a diffuse and uncontrolled** way, a weak synapsis that leads nowhere. On the other hand, they can be interwoven in a close-knit, intelligent or controlled manner, with connections of the first- or second-degree connections (binary connections between the six factors and/or binary connections between the approximately twenty characteristics of the six factors).

A diffuse and uncontrolled **linkage is in no way conducive to development**, while a closely-woven and controlled linkage **necessarily and predictably leads to development, either coincidentally or through guidance in the territory**. If development is the result of chance, as suggests Peyrefitte in referring to the first industrial revolution in Britain, it is, not surprisingly a very rare occurrence in real life (Marshall Wolfe referred, advisedly, to the elusiveness of development).

But development may be induced by shrewdly engineering guidance in such a way as to use linkages as an instrument and to give it a direction to follow. In a number of my previous studies dating back to the beginning of the decade, the idea of a political agenda or societal agenda or collective agenda was put forward as the key instrument for a process of engineering of territorial guidance intended to serve as a trigger for development.

Why a "political agenda"? Why would a "plan" not be sufficient, or a more modern "strategy", for guidance?

One cannot attempt to reply to these questions without reference to Ashby's "law of necessary variety". Control of a system that has a given level of complexity demands a control mechanism with at least the same degree of complexity. Since development is a highly complex phenomenon, societal guidance must be equally complex and the concept of a "plan" is too basic (a single agent with complete control over the environment) and an assertion of this kind may be made in relation to the concept of "strategy" (one dominant agent in a situation of power-sharing); the situation at hand, at least in many organized territories, is much more complex and more diverse, with power more scattered, with a variety of rationalities, a situation that is less positivistic and more constructivist, highly subjective and less objective, using resources which fall outside the pale of economic rationality, belonging more to the realm of political economics than economic policy, with numerous conflicts arising out of the very diversity and specialization, etc. a reality that eludes traditional approaches.

In fact, in any organized society and at any given time, there is a political agenda under way; if it were otherwise, one would have a schizoid group rather than an organized society. The question is to determine the extent to which the agenda is socially representative, whether the future being proposed is a valid one and what are its teleological and axiological merits.

If it is a matter of development, the agenda in question should be **a societal agenda, even a humanistic and "modern" one in the fullest sense of the word**, an agenda that admits diversity as a social "asset" (it should be noted that development is more readily produced in social settings where there is diversity, through the greater exchange of ideas, than in homogeneous social contexts), which absorbs and rationally controls conflict and dissension that may be generated by a collective mental state of "creative exuberance" (there is no development in a conformist situation), with the capacity to mobilize people and with sound leadership and, of course, with an equally sound scientific base.

It is not without significance that in a number of cases of "successful regional development" in Latin America, one can find examples of a political agenda that has rallied a high degree of consensus and perseverance, such as for example, the Department of Santa Cruz in Bolivia, the Province of Neuquén in Argentina, the State of Ceará in Brazil. These are all examples where the agenda has been the brainchild of the

community itself, triggered off by some catalytic agent, government, political class, bourgeoisie, etc. In Chile, an attempt was made in the early 1990s to forge a highly elaborate political agenda for the region of BíoBío, but with scant practical results due to a series of factors that had more to do with the nature of the development culture in the region than with methodology; this suggests that the methodological model tested there was of greater value as a "model'' than the actual experiment.

Without attempting to make any generalizations, since one must recognize that each case will have its own peculiarities, planning a regional political agenda designed to stimulate and maintain a development process within a territory, presupposes a set of definitions and concrete tasks. From the outset, since it is essentially a "societal" or "community" project, one must begin by carrying out two tasks referred to above and which consist in assessing the prevailing "social climate" and in knowing the relevant political actors. Next, one must, in a highly participatory way, build the socially desirable and technically and politically feasible "future image", requiring therefore the use of forecasting. This future image is based on a clear interpretation of the actual process of regional development (what, in effect, does "development of a region or a territory", as we choose to call it, consist in?) and on a careful prior evaluation of the "current state of affairs", including questions as basic as the very nature of the territory/region and its past achievements.

In most practical cases, the implementation of a development project with the characteristics of a true "political agenda" will go hand in hand with the establishment of a parallel "cultural agenda", if it has been established that a **regional culture**, without which it would be difficult to speak of true regional development, does not already exist.

It is also important to note that the formal aspects of field work are now considered as important as aspects traditionally considered as "substantive". What this means is that , in practice, a purely technocratic discourse is pointless when one has to deal with real persons who have diverse outlooks and patterns of behaviour and different levels of awareness. In the practical arena, forms of communication, semiotics, language, gestures, a friendly approach, expressiveness, respect, etc. are all transformed into instruments of the first order, if the idea is to tap into the will to pursue development. One outcome of recognition of these aspects, which have so little in common with economic culture, is also the recognition of the role of other social scientists in formulating the agenda. For a detailed explanation of the procedure for preparing a regional political agenda, see Boisier's study entitled **El difícil arte de hacer región** (1992).

A political agenda is the main instrument for coordinating the numerous actors involved in development; if one also bears in mind that that each actor fulfills different roles (his status is the sum of his various roles), coordination becomes an extremely complex matter. There is a kind of fatal trap in the development effort, and if one wishes to be successful, one must know how to get out of this trap. Development is a more complex "state" than other earlier phases, such as a growth phase or an

"underdevelopment" phase; from another point of view, today, one essential aim of any proposal for territorial development is to add to its sophistication so as to place it in a more competitive position, and possibly in a winning position in a highly complex scenario, such as the current state of international competitiveness. The more sophisticated the system, the more difficult it is to coordinate. **The development effort fluctuates between greater and lesser sophistication**!

Greater sophistication or complexity goes hand in hand with greater specialization of the different systemic components of the territory or region and this greater specialization serves at the same time - as Johansen indicates - to increase variety; the latter is counterbalanced by the hierarchical structure, which acts as a mechanism that tends to limit such variety. The balance between the increase in variety (greater specialization) and its reduction (hierarchy) is what makes a social organization governable. Hence, it may be inferred that the social structure should always be pyramidal; in this respect, one of the features of the social structure is always an uneven distribution or assymetrical power structure. This is a very important conclusion if one is to avoid the mistaken assumption that a highly participatory societal project presupposes that **all are equal**; the government of the territory in question is the principal agent, primus inter pares, in effect, and bears the inescapable responsibility of directing the process of preparing and executing the development project, without prejudice to the option of this being done jointly.

The problem of regional development, like many other similar problems, belongs to a category termed "diffusely structured macro problems", so called because the exact nature of the "end-product" is unknown as is the exact nature of the "production function" or causal factors; as a result, any attempt to participate in order to increase the outcome is, at the same time, complex, uncertain and without scientific foundation. This makes it possible to maintain that in many respects, government involvement in promoting, initiating and maintaining regional development, is a form of **art**, of combining theory and practice. L. Mumford very aptly described the region as **a collective work of art!**

Turning now to the question of coordination of complex structures with respect to situations that are also complex (region and regional development), let us take an over-simplified case of three actors, each of whom is facing a limited range of options; let us suppose that the first actor is an entrepreneur (owner or manager) who, at the beginning of the period in question, is in a position to allocate surplus funds to the purchase of a second-hand production line (but which still represents an "upgrade") or to the purchase of a state-of-the-art technology (but this would compel him to set up a broad-based and competent local support system) or to construct a new building or to invest speculatively on a foreign stock exchange; supposing that the second actor is a regional university whose short-term projects consist in establishing a new highly prestigious professional training course or in a structural reform to make the tone of the university match that of the region, or in setting up a technical institute linked to one of the region's natural

resources, or in a general improvement in salaries; supposing that the third actor is the regional government itself whose agenda provides as a first option "doing more of the same", or training senior civil servants in the "epistemology of regional development" in order to modernize the role of government, or to establish an "economic observatory" to monitor the regional context.

Achieving synergy to enhance development of the region from the coordination of these three actors and eleven options presupposes: a] meeting face to face with the actors around a single "synergetic table"; b] assessing and classifying the contribution of each option for development of the region; c] constructing a network of options (not a simple sum thereof); d] obtaining performance commitments; e] establishing a follow-up and feed-back mechanism. It is easy to imagine the difficulties of this simple example and to appreciate that it is almost impossible to achieve this coordination in any real situation of, say two hundred or more actors, each one with a wide variety of options.

Inevitably, the thinking of F. Flores (1989) acquires in situations such as the one described above, enormous relevance since it is obvious that coordination, a process between equals, is a process of dialogue and agreement. Flores points out that situations such as these give rise to a new form of management: "The administration must be interested in coordinating and activating the network of commitments made primarily in the form of pledges and requests. But although this characterizes many of the administrative activities, we need, nevertheless, to establish its essential responsibility, to be capable of listening and being the authority with whom one interacts with respect to all the activities and commitments on the network. In short, the administration in this process of openness of listening and reaching agreements, which include an interest in coordinating and activating the network of agreements made primarily through pledges and requests, while allowing production units to function autonomously.

The construction of the regional political agenda (or societal agenda, or collective agenda) appears as the main mechanism for coordination through the systematic production, circulation and amendment of information with a view to reaching a consensus. Coordination cannot be imposed - if it could, it would be a contradiction in terms - it should emerge from the same working group and from the established hierarchy in the system. It makes no sense to establish a "department of coordination" within the regional government apparatus; this is a matter that should be incorporated into the mode of administration and not an administrative body.

In order to assess and hierarchize the different options open to different actors in terms of their contribution to regional development, one must "know" precisely what their contribution to regional development consists of, and one must have a conceptual vision of the phenomenon, a vision that is closer to a convention than to a theoretical derivative, based on the fact that regional development is a vaguely structured macro problem, as has been mentioned. Conventionally and for purposes of evaluation, it may be agreed that regional development is a kind of vector characterized by growing political

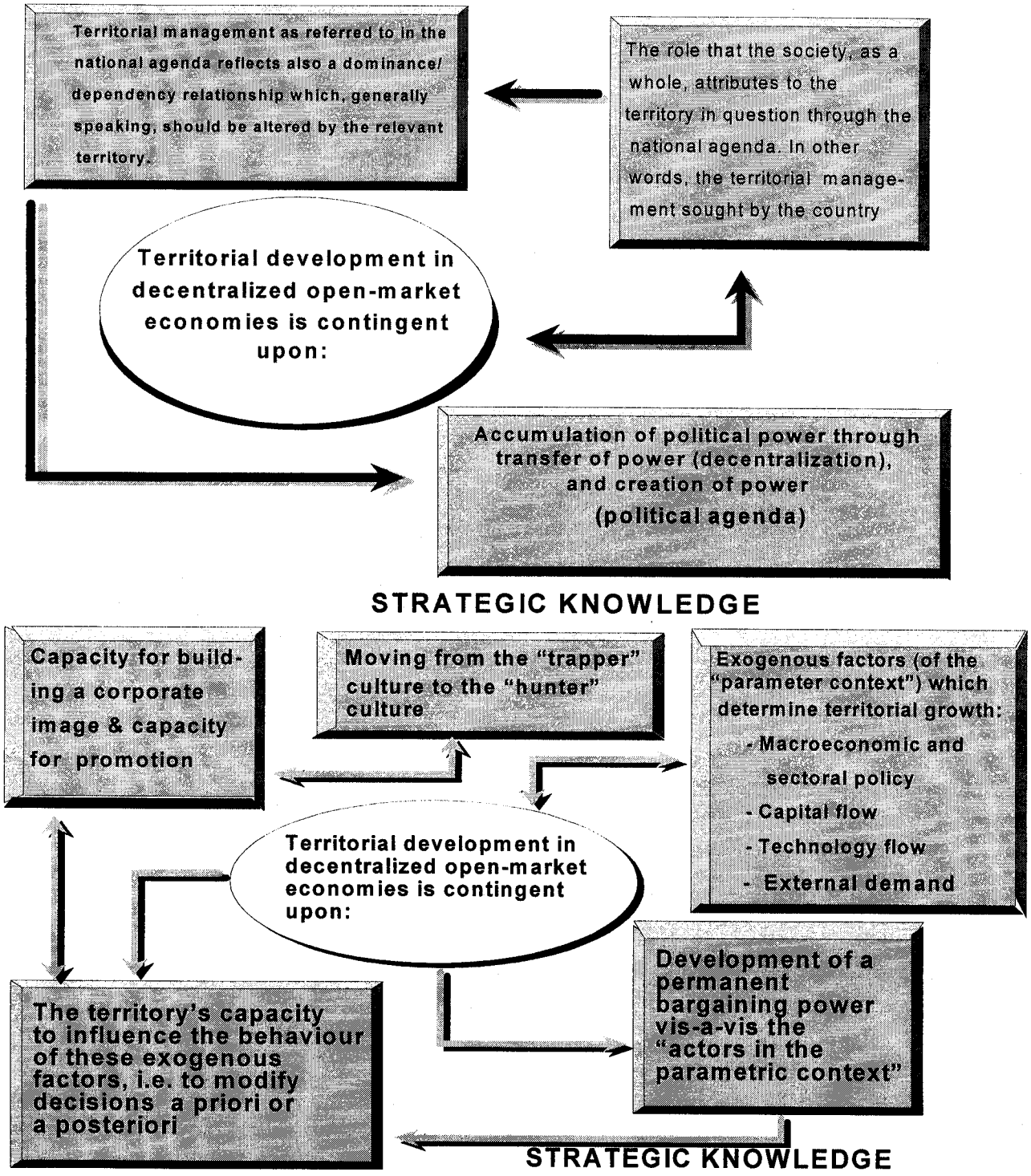
autonomy, a growing capacity for retaining (and reinvesting) a proportion of the surplus, social inclusion (both in terms of inter-personal distribution and in terms of political participation), environmental sustainability, and socio-territorial self-identification.

The political agenda coordinates the role of actors and creates a **politico-social power**. Power is not something that is stockpiled but rather a capacity for control which changes at every moment, through the relative repositioning of the actors, through deliberate transfer of power from one to the other (for example, through a project for national decentralization) and by joining forces, consensus and agreement (as the old saying goes: "United we stand"). Regional power created through the political agenda is the most important resource for accelerating growth and transforming it into development, insofar as it is the resource that enables the region or territory to change its mode of integration within the structure of dominance/dependency that links the elements of the territorial (national) system and - owing to the law of optimality - imposes quantitative and/or qualitative restrictions on many of the elements of the system in order to optimize the overall result, a point which presupposes underoptimization of components.

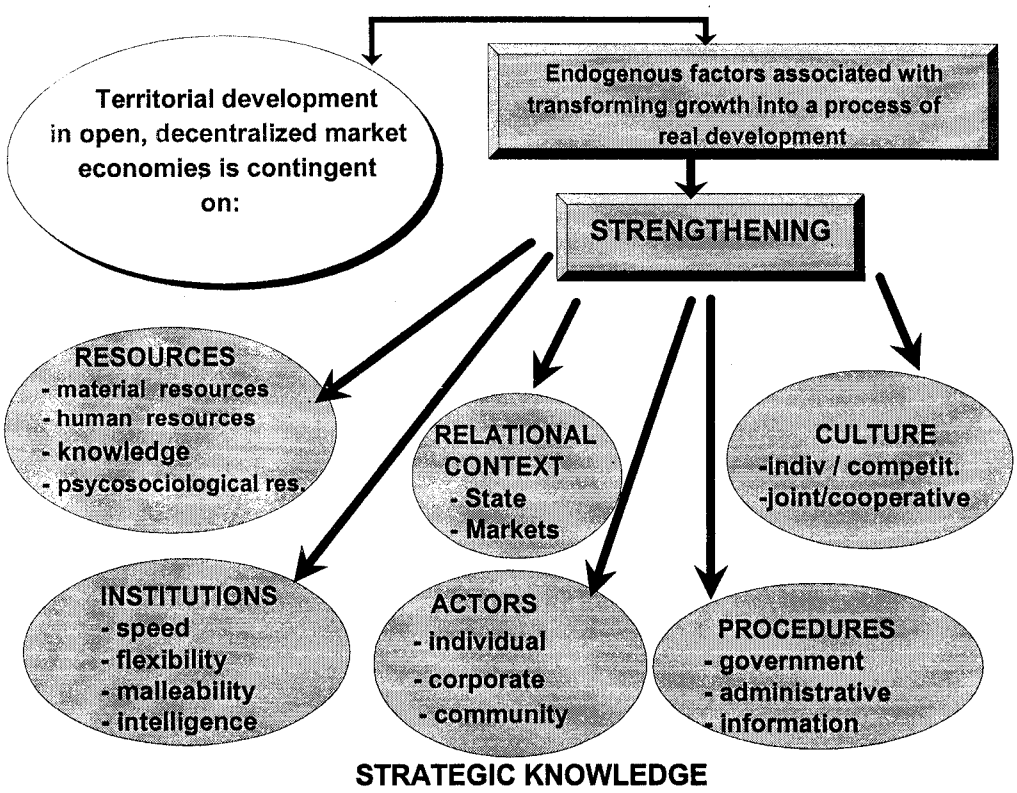
The figures included below attempt to illustrate the line of argument developed here. The question is always the same, one that is sure to make any territorial government suffer from insomnia: What are the prerequisites for territorial development as things stand, i.e., in open-market economies which are both liberalized and decentralized?

Figure # 1 provides an initial generic response by pointing to the role that the territory in question would play in a **national agenda** containing a certain territoriality expressed in a determined proposal for land management. This is quite obvious; any region will have a different destiny if the national society assigns to it a role as producer of primary products or else one as producer of high tech goods. Since a proposal for land management has to be adapted to the configuration of the dominance/dependency structure, this raises the question previously discussed concerning the accumulation of political power to change it. Figure # 2 "opens up" the same issue with respect to exogenous factors and hence refers to economic growth in the area. Figure # 3 does the same in relation to development proper and draws attention to the reinforcement of endogenous factors. Figure # 4 sums up the two prerequisites for territorial development: **knowledge and power** and figure # 5 recapitulates the whole argument.

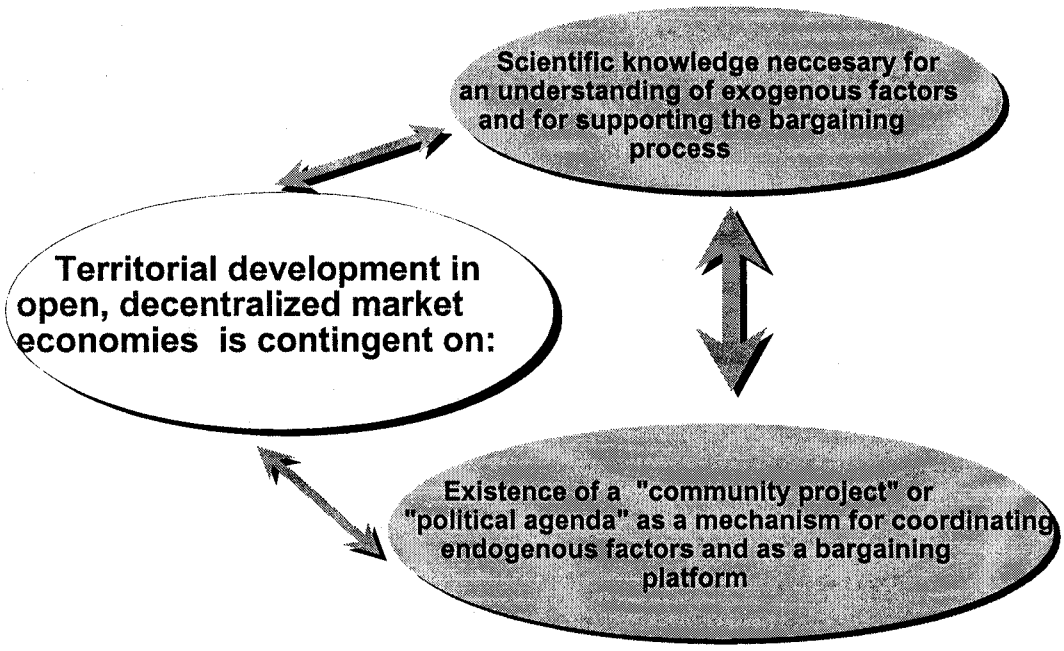
FIGURES # 1 and # 2



FIGURES # 3 and # 4



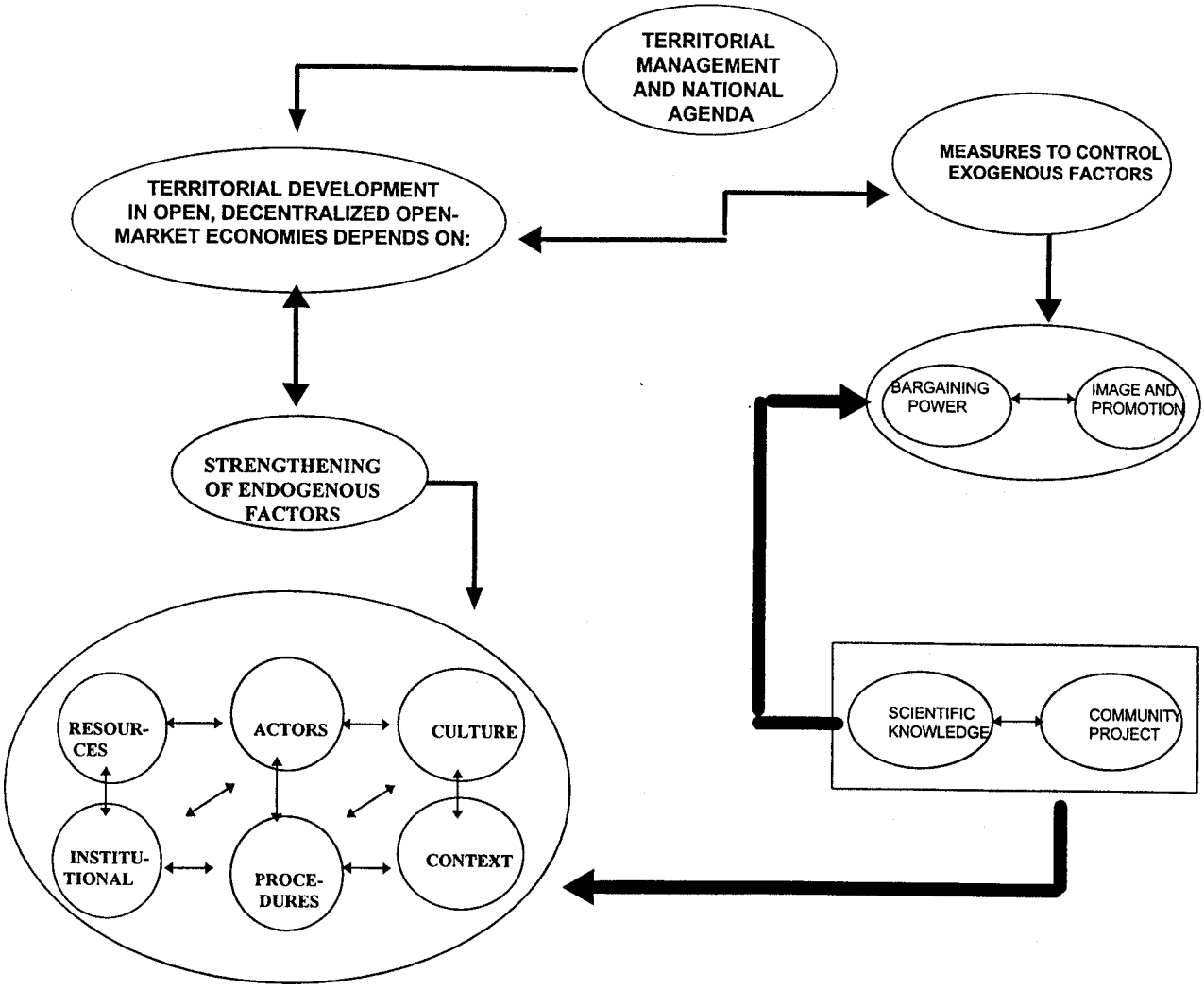
STRATEGIC KNOWLEDGE



STRATEGIC KNOWLEDGE → CAREFULLY PLANNED OR SOUND DEVELOPMENT

FIGURE # 5

STRUCTURE OF TERRITORIAL DEVELOPMENT



CONCLUSIONS

IF A KITE CAN FLY, WHY NOT A COMPETITION?

If the theoretical framework for regional development presented throughout this document consists in a non-contradictory and non-independent set of assumptions from which it is possible to extract knowledge for action and if such a proposal can be applied successfully in a region or territory (Archimedes asked for nothing more than a fulcrum on which to raise the globe and prove his hypotheses), why should it not be replicated in all regions?

Let all regions do the same thing; if there is any hope of success in it, then there is no harm done; quite the reverse. Moreover, if one takes into account the decentralized nature of the "model" for promoting regional development under discussion. It would then be in perfect harmony with the current trend towards decentralization, at the mercy of which the transfer of responsibility for promoting development from the national level to various subnational levels increases progressively, undoubtedly something laudable, just that this transfer is occurring without **generating the relevant knowledge**, assuming that development at lower levels of the territorial scale is equivalent to "small-scale development", underestimating, as already indicated, the qualitative structural change incorporated into a quantitative change in scale (downwards).

Under these circumstances, territorial decentralization of development would generate a chaotic and disorderly situation in the most trivial sense of these words, since contradictory "states" would prevail in any systemic solution. One has only to imagine a national system composed of a dozen regions for deregulated decentralization of the responsibility for making development proposals to end up in complete confusion, which, politically, could only result in a retrogression towards centralization.

A situation such as the one described above, nothing uncommon in practice, results from the State's abandoning its undelegable responsibility insofar as the State is understood to be the political structure that acts as guarantor of the "common good" or of the optimization of the result of the national system as a whole: the responsibility for structuring a two-way flow of information (from the centre down and vice-versa) which repeatedly and monotonously achieves a convergence towards a final coherent solution between the initial divergent proposals. This function, absent today in several countries should be a part of a regional policy, of **a national policy for regional development**, almost non-existent today in Latin America.

From another point of view, the different regions of a country may be attracted to **globalization**, like moths to a lamp: **a fatal attraction** if the approach to globalization

is haphazard, without the guidance of intelligent management. Who other than the State can provide such intelligent management? Once again, a regional policy appears like a condition for minimizing the chances of failure in integrating regions into the "globalization game", a game which, as is known, produces more losers than winners.

This very globalization, seen as "an exponentially increasing acceleration of interactiveness" and as the configuration of a "dynamic growth network", accentuates the situation of "winner" or "loser". Given the pace of change, the stakes to be won or lost are high; hence the importance of being in a position to play to win. It is suggested that since the globalization game is one of great complexity (trade of sophisticated goods and services, sophisticated rules for playing, sophisticated codes, etc.), for each region, maximizing the chances of winning means making their own structures more and more sophisticated (once again, Ashby's law of necessary variety) an this clearly is an endogenous responsibility for the region.

In other words, **competition between kites is welcome! The same applies to competition between regions, but such competition should be regulated by the State through a regional policy.**

A contemporary regional policy, that is, a regional policy for the twenty-first century can be viewed schematically as a matrix of four vectors, each vector shaping a more specific policy and each vectorial element representing a policy instrument.

An initial vector corresponds to **land-use management (amenagement du territoire)**, including instruments such as: a] a politico-administrative division; b] a distribution of functions to each unit of that division, within the national agenda; c] a specification of development priorities over time; d] a proposal for human settlements; e] a proposal for mega land use.

A second vector corresponds to **political and territorial decentralization**, with instruments such as : a] institutional and administrative architecture of each unit of the politico-administrative division; b] distribution of competences; c] fiscal arrangements; d] system of conflict management and settlement.

A third vector corresponds to growth and development **inducement** policy. The basic instruments in this case are: a] help with competitiveness; b] help with rationalization of production c] help for intra-regional equity; d] generation and dissemination of knowledge.

A fourth vector, lastly, corresponds to the policy of inter-regional **coherence** based on the use of instruments such as the following: a] creation of models; b] recurrent convergent procedure; c] a solution for coherent economic growth of the region/nation.

An efficient regional policy must closely match the "global style of development". If such a style is economistic and performance-oriented, the same will apply to the regional policy, whether one likes it or not. Almost twenty years ago (in 1979, to be precise), at a major international seminar on styles of development and national strategies of regional development held in Bogotá, J. Hilhorst drew attention to this point in referring to the naïve tendency to incorporate social objectives within a national strategy for regional development if this was not in keeping with the overall style of development. So that a contemporary regional policy is one that "supports" the regions that can make the most rapid contribution to the achievement of the predominant global objectives: economic growth, modernization, openness, reduction in inflationary pressures, etc. A policy so defined is expressed, and this is now clearly understood, through the use of horizontal instruments without contemplating any territorial discrimination, leaving the regions to "compete" for their use, a competition in which one can make out the winning regions.

Will a current regional policy be so "crudely" Darwinian? It seems not, if one bears in mind the criterion of the World Trade Organization, a true guardian angel of free trade. The Agreement on Subsidies and Compensatory Measures of the Uruguay Round (Part IV, Article 8, section 8.2 b) clearly establishes aid for disadvantaged regions, as long as that aid is provided in accordance with a general framework for regional development. In other words, there is room for a regional policy that is national while specifically targeting specific regions. It is quite another matter if the powers that be do not avail themselves of this option.

There is no recipe for success in the area of development. But at least there are two things of which we may be certain: if we are to achieve development in the future, it is not something we can achieve with the mentality of the past; if development is a product of the community itself, it will not be others but the members of that community who will build it.

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