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Territory as a basis for innovation and economic, social and environmental reactivation

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Specifically, this work is linked to the first of the three thematic lines of this forum, whose organisation was led by the global network United Cities and Local Governments (UCLG), the United Regions Organisation (ORU FOGAR) and the Andalusian Municipalities Fund for International Solidarity (FAMSI).

The situations in which each country and each territory has dealt with the pandemic, and how they are trying to get out of it, show us very diversified paths and strategies. The pandemic, as with the ongoing globalisation process, presents an apparently homogenous panorama. However, behind this initial similarity, everything else is clearly different. It is no coincidence that the acronym VUCA -which brings together four characteristics of the current times: Volatility, Uncertainty, Complexity and Ambiguity - has been widely used. The combination of these factors and the effects of the pandemic raise many questions, and public authorities in general need to generate meaningful responses in their different spheres of governance.

In this contribution, we wish to emphasise the specific significance of the territory and the spheres of government closest to the citizen, as levers of innovation as well as protection, this way postulating the reinforcement of their capacities for action and the rethinking of the roles of the different spheres of government.

Rethinking patterns of governance and protection

In times like these, when everything around us is changing and altering in a way that is often irreversible, it is in our interest to rethink whether the patterns of governance we have been using are the most appropriate. The combination of far-reaching technological change, economic globalisation and intensifying signs of ecological and health risks leave little room for lucubration or mere rhetoric about the need to transform our governance systems. Madeleine Albright (former Secretary of State in the Clinton administration) once said that we face 21st century problems with 20th century ideas, using 19th century instruments. Beyond the simplification that any such synthesis entails, what is certain is that the mismatch between the uncertainty and complexity we suffer from and the notable inadequacy of ideas or the clear obsolescence of decision-making and implementation instruments used by the different spheres of government is quite evident.

One of the most visible mismatches is the one between the growing social heterogeneity and the traditional "indifferent efficiency" that characterises the way public administrations operate. Increasingly, the diversification of identities, of life choices and the strong demand for recognition of each person in his or her different way of being are a sign of the times we live in. The quality of the services to which any person has access to is now measured by their personalisation, and not so much by the homogeneity with which they are designed and executed. If in the 19th and 20th centuries the great tension between values was the conflict between equality and freedom, in the 21st century the idea that equality cannot imply strict homogeneity of treatment has been consolidated. The opposite of equality is inequality, and the opposite of homogeneity is diversity. Therefore, the tension today is rather between the value of personal autonomy, the demand for equality and the recognition of diversity.

It is precisely in this context that the value of proximity comes to the fore. It is true that when the feeling of risk and uncertainty prevails, and when the market does not provide sufficient guarantees for a large majority of the population, people seek protection. As Karl Polanyi said in his book "The Great Transformation" (1944), in the face of the movement towards the commodification of life and the blurring of community ties, the need for protection - which has always been present - arises, and which then turns to the state as an instrument for safeguarding survival. This is the basis for the growing intervention of the public authorities since the middle of the 20th century, which is now facing new challenges of unknown depth.

Indeed, the State has gradually become an instrument of collective protection. And while its role and the scale of its intervention were widely discussed at the end of the last century and the beginning of this one, now, in times of pandemic, it has once again taken on this role, with all the differences and peculiarities of each national scenario. However, the State's sphere inevitably ends up exercising this necessary task of protection from afar, in a hierarchical and patriarchal manner (i.e., with unempathetic, unshared forms of prescription). Moreover, as we mentioned earlier, the State's essential instrument of action is public administration, which acts in accordance with the criteria of efficiency and non-discrimination, often falling into confusion between equality and homogeneity.

The value of proximity and the shortcomings to be resolved

In this scenario, the role of territorial, local, and regional governments becomes particularly important, as they incorporate proximity as an added value, i.e., the ability to adapt to different realities, groups, and personal situations. They also allow the necessary articulation of resources from different jurisdictional logics to be exercised in an articulated and cooperative manner. From afar, the transversality and comprehensiveness, so necessary for providing a protective response to complex situations and problems, is very complicated. And this is precisely the great differential value of territorial governments that are closest to the citizens.

It seems clear that, on the one hand, we are witnessing a combination of a rapid urbanisation process and an increase in the significance of cities, but, on the other hand, local competencies are still below their responsibilities and needs. At the same time, the mechanisms of representation and decision-making that have been used in the governance of local authorities or large conurbations are becoming increasingly obsolete compared to the existing challenges. On the one hand, it is assumed that it is necessary to better articulate the will of different actors (public, private and third sector) in the search for scenarios of greater government capacity and decision-making efficiency in order to face the challenges and deficits of coordination, dispersion and management problems faced by the territories in the midst of changing times.

On the other hand, however, it is clear that the dispersion of powers, the overlapping of competencies, the lack of new institutional dynamics that allow the complexity of urban problems to be tackled from the fragmentation of local governments, would require rapid progress in the configuration of genuine territorial (and, where appropriate, metropolitan) governments capable of articulating what in many cases are systems of cities.

Indeed, the deficits generated by this lack of territorial government or governance are significant. Some have a more political significance or have to do with equity in the entire territory considered. Thus, for example, there are notable deficits in the capacity for political participation and representation in the political system as a whole, which either does not formally exist or, if it has a certain institutional framework, the logic is almost always technical and indirectly representative. On the other hand, the difference in status and budgets between the various components of the territorial space or metropolitan conurbation generates profound imbalances in levels of income, education, or access to the digital sphere, to give just a few examples. The social reality of each territory usually shows this inequality, which would require a strategic approach of a redistributive nature throughout the territory, but this is at odds with the dispersion and heterogeneity of resources and capacities available to the different local governments that make up this reality.

The need for intergovernmentalism

At exceptional moments, such as those generated by the COVID-19 pandemic, this dissonance between common problems and the fragmentation of competencies and institutions becomes clearly evident. The nature of the problem itself requires intergovernmental coordination and cooperation in order to achieve truly effective responses. We would be facing what has been called a complex intergovernmental problem - a type of situation that institutions cannot easily address by trying to solve the problem, but rather by managing its consequences. There is a continuum in the emergencies derived from the health crisis in any corner of a territorial reality and, on the other hand, the contingency is usually dealt with using the instruments available, i.e., institutional division, sectoral fragmentation, and the presence of other spheres of government with their own logics and competencies in the same territory.

These types of problems not only arise in emergencies such as those experienced with the pandemic, but also in the need to generate dynamics of innovation and creativity in the face of challenges and situations for which, as we have said, the usual mechanisms and instruments do not work. The current basis of innovation is knowledge, and this is a type of asset that does not have the characteristics of rivalry and is not easily relocatable. Investing in knowledge requires an understanding of the value of proximity, adjectivising knowledge with its location, closely relating the territory's own specific values with the possibilities of scaling the dynamics of creativity from that own specific base.

Decentralising? Advantages and disadvantages

All this seems to indicate that we should strengthen the spheres of government closest to the citizens, given the growing complexity of the problems that affect them. But we cannot act mechanically on the assumption that any issue will be better handled by the sphere of government closest to the citizen. It would be appropriate to analyse the specificity of each issue and place it at the scale of government that can best deal with it. States are still absolutely necessary for planning and evaluation, and for doing so, they must have information systems that allow them not only to constantly monitor the issues, but also to be able to delegate territorial spheres of government without losing control at their national-territorial level. Sub-state spheres of government, especially local governments that have the appropriate territorial dimension, can be the key to ensuring this specific mix of protection, capable on the one hand of recognising diversity and, on the other, generating cross-cutting and shared responses.

New forms of governance go beyond physical borders and emphasise flows between spheres of government. A multilevel and networked government entails the disappearance of the internal and the external, the abolition of boundaries between public and private and between different levels of government. At the same time, the disappearance of specialisations means that the emphasis of government tasks shifts from the actors to the content. In other words, what is important is not the attribution of functions and responsibilities to a certain level of government or to a certain public or private entity, but rather the policy that is to be promoted and the objectives it pursues. Around this policy, the different actors and governmental bodies share responsibilities and functions and end up shaping collective governmental capacities.

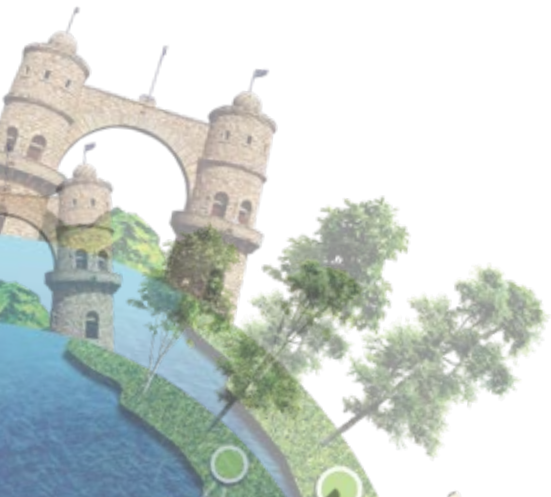
The network form of organisation and management can be interpreted as a very intense process of decentralisation. But, at the same time, it is convenient to think of complementary and simultaneous dynamics of centralisation in some aspects. We should not lose control capacities and internal coherence when implementing decisions. We are talking about two indispensable aspects in the development of any public policy. The construction of shared objectives is basic, since coherence depends on it, and this requires control. In this way, the decentralising logic can be developed to its full extent, which allows for flexible adaptation to changing specific conditions.

Let us see what we gain and what we lose with decentralisation, and what we gain and what we lose with centralisation. Let us remember that when we talk about decentralisation, we are referring to real processes of power distribution, of generating a plural system of decision-making centres. Therefore, the point is not to underestimate the political effects of decentralisation, since decentralisation implies altering systems of power that are usually well-established and modifying well-established traditions and processes. Indeed, in the Weberian bureaucratic tradition, the important thing is to avoid situations of discretionality. It is therefore important not to allow alterations in the previously designed processes that guarantee homogeneity in the treatment and services to be provided. The deconcentration of functions does not alter this traditional logic, as it ensures procedural unity and only brings the space for interaction closer to those involved without changing the centres of power and decision-making. Decentralisation does alter this logic and may increase the possibilities of different results being produced by applying the same regulations, since decentralisation implies allowing those closest to the space of interaction with citizens to have the power to decide on certain aspects.

Decentralisation improves the quantity and quality of the information available. In this way, and as we mentioned earlier, the capacity to adapt to different circumstances increases. This is not irrelevant, since issues such as public space, dealing with "zone effects" (i.e., that the range of life opportunities is unequal depending on where one lives), or the capacity to adapt the urban configuration to different groups (in terms of age or origin), are easier. This greater proximity seems to imply a better capacity for taking advantage of and fine-tuning the allocation of resources. This should result in more effective policies, more capable of adapting decisions taken in a more generic and undifferentiated manner to changing circumstances. On the other hand, the proximity between decision-makers and recipients should make participation and co-decision spaces more possible and have clearer effects. Simultaneously, this same proximity enables dynamics of greater transparency in management and greater control by those affected and by society as a whole. Finally, in this schematic review of the advantages of decentralisation, we would add that it is generally understood that if we start from the problems as we find them in reality, the need and pressure to find more comprehensive or cross-cutting responses will be greater. The hierarchical and jurisdictional structure operates more rigidly when decision and implementation are distant. When this is not the case, the intrinsic complexity of many social and political problems tends to demand more holistic dynamics that mix resources and skills, which enhances networking more than the traditional dynamics of competition and sectoralisation.

What is lost through decentralisation? From the other side of the centralisation-decentralisation equation, the possibilities of running into problems also exist. On the one hand, by fragmenting decision-making centres, there is a danger of losing the overall direction of a given policy or programme. There are also increased risks that the same policy will be implemented differently in different places, and that this differentiation will go beyond what would be a strict adaptation to changing circumstances or situations. It is also often pointed out in literature that decentralisation increases the possibilities of pressure and influence by the interests present in the sectoral sphere in which the policy is inserted, but also in the different pressure groups which can try to use this decentralisation to their own advantage in each territory. This is probably why it is customary to attribute greater risks of clientelism to decentralisation. A greater propensity to increase public spending is also attributed to decentralisation, as it tends to prioritise the urgency of what is close at hand, disregarding the global situation. In general, the idea of fragmentation of objectives and the dangers of inequality are the most recurring aspects.

If we move from the general aspects to the effects on the groups and people involved, we could ask ourselves again who the winners and the losers in this decentralisation-centralisation dilemma are. In general, we would say that with decentralisation those closest to us win, and with centralisation the most powerful win. Centralisation generates a logic of universal application, more undifferentiated, which perhaps allows for protection in a more generalised way. However, with decentralisation, the possibility of "particularising" and getting closer to each person in their diversity is greater, though those who have more management and pressure resources at their disposal could take advantage of this.



Combining near-far. Information systems and requirements for redistribution and evaluation

In general, the combination of both logics is promising, as it may allow for taking advantage of the aforementioned benefits of decentralisation, as well as trying to avoid its negative aspects. Basically, it would be a matter of avoiding the inequality that can be generated by a decentralised policy implementation process, maintaining redistribution capacities between the spaces or territories where the policy is applied. Indeed, it has been widely studied that if this redistribution aspect is not addressed to compensate for the difference in starting points and resources of all kinds that each territory unequally contains, the so-called "Matthew effect" can easily occur. This expression alludes to the biblical quote that states: "Whoever has will be given more, and they will have an abundance. Whoever does not have, even what they have will be taken from them" (Matthew 13:12).

Maintaining good information systems that allow us to (centrally) have data on the different effects that occur in the decentralised implementation of a policy from the same action process, will allow us to compensate for different starting positions, not to compare different realities, and to detect possible failures or biases in favour or against certain groups or people. This process must allow knowledge without interference. In other words, it should not be invasive in the capacity for differentiated and comprehensive intervention that decentralisation allows, which is ultimately one of the greatest advantages we have mentioned. This can be complemented with benchmarking processes, cross-learning, and mechanisms for the joint construction (with all decentralised decision-making centres) of problems, processes, and evaluation mechanisms.

Final considerations

Although some of the reflections we have presented here postulate strengthening public authorities closer to the citizen, they do not do so in a mechanical way. We increasingly need to address the logics of intergovernmentalism in the face of situations of complexity. A complexity that we must understand to be more characteristic of normality than of exceptionality. To this end, it is useful to incorporate dynamics that go beyond the strictly local. Seeking spaces of supra-local territorial government that can allow us to tackle situations that may be much more difficult to tackle with the joint logics of centralisation and decentralisation from the perspective of local fragmentation.

We have not tried to argue the intrinsic advantages of a greater protagonism of one governmental sphere in relation to others. Rather, we have tried to understand that we are increasingly confronted with problems which, exceptionally, can only be tackled and possibly solved or contained by a particular sphere of government. We do not believe that we can argue in relation to this from logics fundamentally proper to economic efficiency when we almost always have to take into account other perspectives proper to equity or attention to diversity. It is clear that the legal perspective can help by trying to find the necessary institutional arrangements so that this complexity, so often mentioned, can be manageable. But, above all, we wanted to incorporate a political approach.

We are concerned with issues of legitimacy, citizen engagement and problem-solving capacity. It is not just a question of which scale is the most appropriate for tackling problems, but which combination of scale, identity, space, and power generates the greatest feasibility and legitimacy. To this end, we wanted to devote space to the positive and negative aspects related to the logics of decentralisation and centralisation. At the end of the day, what we are left with is an issue that remains political.

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