

# **Policies for strategic territorial development. Inter-municipality association as a form of network governance: the Italian experience**

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## **Abstract**

*This paper will discuss the problems involving the forms of association between municipalities in North East Italy from the European perspective. These forms of association may be defined as examples of inter-municipality networks: a concept that allows us to shift emphasis from the rigidity in the organizational structure of every local authority to the flexibility and functionality of relations between the actors in terms of the policies that they mean to share and the different network rationales used according to the choice of the governance model enacted. Planning and encouraging the construction of polycentric networks such as the Union of Municipalities means recognizing and sustaining a governance of functional interdependence, which is at the basis of both the associated administration of services in a homogenous area and strategic planning over a 'vast area', via joint action and shared decision-making between the local authorities. This represents a decisive step towards the practice of functional federalism and the construction of new forms of "network" polity.*

*Key words:* network governance, public management, local government, strategic planning, regional studies.

*JEL classification:* H7, H0, P41, R0

## **1. Introduction**

Local governments within the European context are today called on to face numerous challenges deriving from the joint processes of globalization and 'Europeanization' responsible for considerable changes to both the internal and external contexts of those local governments themselves.

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The closest to citizen level of government in Europe is the Municipality (Local Council - a Western institution of ancient tradition<sup>1</sup>), which, with very few exceptions, constitutes the basic unit for the whole political-administrative construct of the European system. It is said, however, that a European municipality is typically a small unit, usually made up of 500 to 5,000 residents and has little or nothing to do with our concept of town or city (Bennet, 1993) in which quaternary services of knowledge economy tend to be concentrated (Rullani, 2004). Within the new concept of global economy, characterized by great flux throughout entire territories (often denaturalizing them), the risk for the municipalities, especially the smaller ones, is twofold: on the one hand, that of being left on the outskirts of the main movement, be it based on commerce, information, finance or migration, and on the other, being overwhelmed by that same flux, unless they are able to connect “within the network” and intervene in a functional manner so as to “govern” the flow. This is a challenge that all local governments throughout the European Union are called upon to respond to, thereby repositioning themselves within the European and global framework, as the EU has indeed emphasized on many occasions<sup>2</sup>.

The initial abilities and conditions of European local governments for dealing with these challenges vary, however. As it is well-known, the main differences in the organization of local governments in Europe are related to specific national contexts and the diverse historical traditions that have influenced the constitution of urban identity (Bobbio 2002); different European models of local government<sup>3</sup> have become evident, according to the diverse ways in which the State has gradually asserted its domination over town and local governments. Among these, there is the Mediterranean model (to which, of course, Italy belongs), which contains certain characteristics that are of interest to the purpose of our research.

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<sup>1</sup> Common cultural and institutional matrices of local European governments can be found in three principle (European) archetypes for towns and local government: the Greek *polis* (self-governing political community, the Roman *urbs* (territorial and urban government) and the Roman *civitas* (the notion of citizens’ rights and duties). Cf. Sebastiani (2007)

<sup>2</sup> See the indications given by the European Union Executive Committee for Local and Regional Democracy, cf. Domoronek and Nesti (2009).

<sup>3</sup> At least four distinct European town models should be distinguished here, as pointed out by R. Bordone (2001): 1) the *Anglo-Saxon* model, which derives from privileges bestowed to the towns by the sovereign – British *self-government* in fact has the character of a central government agency with purely administrative competences; 2) the *continental* model: in the towns of artisan production, where the predominant culture is that of guilds and corporations, self-government is centred on economic freedoms; 3) the *Hanseatic* model: with reference to the Baltic coastal trading towns, which have created a common political-administrative organization of “town networks”, whilst remaining competitive within the international market; 4) the *Mediterranean* model, which is typical of local governments throughout Italy, Spain, and Greece – city-states that are politically autonomous and sovereign.

In contrast to the French (or ‘Continental’) and the Anglo-Saxon models, Italy, with its 8,100 municipalities and a history of tardy national unification, constitutes a typical case of the Mediterranean European town model, characterized by the constitution of politically autonomous and sovereign entities. These are the municipalities, whose relationship with the territory is that of city-state, dominating the surrounding area beyond the city walls. The prevailing local culture is, in this case, that of an eminently political citizenship, expressed by the capacity for self-governance (autarchy) and self-defence (Sebastiani 2007), traits which can still be identified to a considerable degree in Italian municipalities. This is a case study of great interest and which distinguishes, within a small political-administrative unit, all the fundamental components of the political dimension: the capacity for self-governance (politics), the capacity to implement local policies (policy), the capacity to establish the primary referential for the identity of the political community (polity).

In the light of these elements, and emphasizing the role played by Italian local governments within the context of a system which is becoming increasingly globalized, means focusing attention on the challenges and transformations that municipal authorities now have to deal with on a more and more frequent basis (especially in the small municipalities), with the aim of identifying suitable development strategies for sustaining them in this difficult task.

The working hypothesis outlined in this paper is that the challenges brought about by the process of globalization not only to the national but also, and especially, to the local governments underline, on the one hand, the urgency to adapt policy styles to the changing market and territorial requirements, while on the other hand, they represent a valuable opportunity for redesigning the politics (the rules of the political-administrative activity), and the polity (the political community dimension).

This process could start from the local dimension, the closest to citizen level of government with the redevelopment of the “wider area”, the region of reference in a functional sense, and then move on to the notion of State within the perspective of the creation of a communal European space (isn’t the EU is a “union of minorities”?). In other words, as underlined by the network governance approach (Peterson, Bobmerg 1999) and by comparative research into regulation methods in local development<sup>4</sup>, our hypothesis is that in the

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<sup>4</sup> This approach focuses attention on how the dynamics of the governance of local development (policy), under certain conditions, is gradually changing the forms of politics, and as a result, the very same definition of local and regional community policy (polity) within a European and global perspective. The accent therefore is on the *ways* in which policies are implemented, on the role of the various actors, their capacity to build trust, for mediation and problem or conflict solving; in other words, their ability to regulate the territorial development process in a long-lasting

absence of a shared macro-design for institutional reform both at a European and a national level it is “the policies that make politics”: the changes introduced at this stage, at a local level, both in policy styling and in administrative styling could prove to be a significant indication for the transformations in progress that will eventually impact on the new forms of politics and polity.

In this light, the indications derived from an analysis of “network governance” may constitute an important basic framework for capturing the innovative aspects within those local government practices most open to change. As I will attempt to illustrate in this paper, the most effective innovations are those which enable local governments to overcome the limits set by a closed bureaucratic and administrative rationale and by the establishing of networks of inter-territorial co-operation, and a rationale based on network governance at various levels and with various actors. This does not necessarily mean the creation of new structures, but activating coordination among existing bodies that operate within the same territory or in peripheral areas. This can be done by setting up intervention projects on a wider territorial scale, projects that would be able to redefine the sense of belonging to a “community” - “community” not in the traditional sense of the term, as a state ascribed at birth and inflexible (family, parish, ...), but as what we choose to put “to common use” as a result of a social construction.

The hypotheses of this research have been evaluated in reference to the Veneto region (Messina and Salvato 2007; Messina 2009a) thus providing an “interesting empirical reference base”<sup>5</sup>, starting from the forms of voluntary inter-municipality organization.

Indications laid out in the Italian government budget of July 2010, which introduces the idea of compulsory associated administration among municipalities of fewer than 5,000 inhabitants<sup>6</sup>, seem to confirm that the actual size of the smaller communities will most likely constitute one of the next important testing grounds for institutional reform. It is here that it will be advisable to focus more on comparative research.

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perspective. This means that local development *governance*, with the accent on how, in the context of our complex contemporary society, it is this regulating function of politics that needs a significant overhaul (Messina, 2001, 2008b).

<sup>5</sup> It is within this ambit that the collaboration between the University of Padua and the Veneto Region was established and set up the research project into the forms of inter-municipal organization (Messina 2009a) and a series of training courses for the staff of small town and village councils so as to encourage associate forms of service management. These interventions have given rise to requests for backing in the establishing of associated administration from numerous municipalities. See the portal POLIS.DOC: <http://polisdoc.cab.unipd.it>

<sup>6</sup> Cf. the Law Decree of 31 May 2010, no.78, art. 14, comma 28 et al, converted into law 30 July 2010 no. 122. Mountain communities must remain under the demographic threshold of 3,000 residents. The national budget states that it will be the central regional authorities who define the optimal management areas.

With the range of problems typical to small towns and villages as a starting point, this paper will present a synthesis of the most significant elements for analyzing inter-organizational networks so as to be able to apply this framework to public management, with special regard to the networks of inter-municipality association. The elements that permit the evaluation of the results of associated service management by favoring a network-based evaluation system will be highlighted. The same framework will then be applied to the construction processes in a 'vast area', with close attention paid to the implications the network governance practices may have in the construction of polity: the local political community at various levels.

## **2. Peculiarities and problems of small local governments**

In the political and scientific debate on the question of local autonomy in Italy, accusations have always been made regarding the dimensional and functional inadequacy of most local governments in exercising their institutional duties (a situation which is widespread in Europe). This is based on the assumption that the small size of the town or village means that they are unable to carry out adequate economies of scale in their management or to have any influence on territorial development decision-making factors in the national government. The implication here is that small communities are condemned to managerial inefficiency and political irrelevance, the outcome of which is the frequent top-down proposal to merge the local authorities whose number of inhabitants is below a certain threshold. The situation is much more complex, however.

As far as the managerial profiles are concerned, local governments often demonstrate flexibility and promptness in their response to the citizens' questions or requests - something rare in large town contexts, which have a greater degree of formalization in their internal and external relations and which often take the shape of the bureaucratization and a waste of resources unheard of in small local governments. However, small local governments also suffer from a lack of both personnel and finances per inhabitant as compared to large towns; less personnel specialization, less buying power in their dealings with suppliers, less capacity for investment, all of which are factors contributing to diminishing the ability to offer the same services as available to the residents of large towns or cities. It should also be said that not all small local governments are alike: there are those that utilize their resources more effectively and efficiently than others, and those who do not make good use. This becomes a problem of comparative evaluation of the performance and cost effectiveness of local governments<sup>7</sup>.

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<sup>7</sup> The concept of "standard costs" is going in this direction, introduced by the interim law on fiscal federalism in Italy.

In small local governments, there is direct and immediate political contact between citizens and administrators, and the latter are more likely to understand the needs and tendencies of their local community. This produces a more effective functioning of representative democracy, but also of deliberative democracy, with the degree of community participation much higher than in large town or city councils.

However, the administrative ‘culture’ in the local government has a tendency towards the solution to immediate problems which are solely within their scope and gives particular attention to personal interests. The scope of many local administrators remains within their field of administrative competence and local boundaries, despite the fact that many problems go well beyond particular duties or frontiers. For these problems, a wide-angle, wider area strategy is required which includes the involvement of various authorities and institutional levels.

It is well-known that in Italy, the municipality, the oldest form of territorial self-government and a source of identity and sense of belonging for the members of the community, translates into characteristic administrative and cultural traditions, all these representing an enormous cultural wealth. It can act in favor of local development (as long as it brings about “external” interaction and exchange) and it can also represent a barrier if this were to be used against all that is “different” or “other”. It depends on the local administration to encourage openness (or even closure) of the local culture – to the outlying areas and to the global prospect.

In the light of these elements, the problem of local governments is therefore not the size (and the solution does not lie in the merger of these communities) – a prospect that has always proved to be politically and culturally impractical – but the capacity to establish inter-municipality networks. This is obviously a more complex course of action, since it requires the development of a sense of “doing things together”; something that is hardly heard of due to the predominating “administrative individualism”. However, it has become a necessity, considering, on the one hand, financial and legislative limitations and, on the other, the need for services and economic and social territorial development, especially in the context of globalization.

### **3. Inter-municipality networks as inter-organizational networks**

The problem with creating networks lies in the great effort required to make mutual decisions and produce results that are “more than the sum of the parts”, i.e. a system effect. This is necessary for establishing knowledge of the territory and the dynamics that animate it, for setting up forms of shared political governance, and for developing management policy based on sharing and negotiation – both political and technical.

The inter-organizational network is defined as ‘relationships of economic and political exchanges between organizations that are functionally interdependent’ (Zan, 1984). These organizations are based on interdependent relationships and mutual exchange, since each one is in functional need of what is produced and offered by the other. Exchange relationships are established in order to acquire two essential elements of input (Benson, J.K., 1988) in order to reduce complexity and transaction costs<sup>8</sup>: resources (both financial, and social legitimization), and uncertainty reduction (which derives from the possibility of operating within “negotiated environments” which are therefore predictable). Exchanges between organizations involve willingness, reciprocity, rules sharing and may be both economic in nature (symmetrical) and political (asymmetrical). The concept of inter-organizational networks allows us to better interpret the various forms of network in the ambits of economy, the institutions, and society, such as those in industry, public management, and social awareness issues.

The analysis of inter-organization networks presented in this paper is according to these premises and in the light of experiences of the Italian Union of the North-East Municipal Councils (Messina, 2009a) and starts from five general motivations for association: finance, efficiency and cost reduction, effectiveness, organization, and development.

Financial motivations are those that are usually prevalent, due to the lack of resources following cuts in central government funding and local taxes and the Stability Pact that prevents even the wealthier municipalities from introducing investment policies. Inter-municipality associated administration is encouraged by state and regional funding (Salvato, 2009a) and, for a certain phase, it was not curtailed by the Stability Pact; other funds are available for specific projects.

Motivations of efficiency and cost reduction refer to the economies of scale that can be achieved by agglomerating resources put aside within each local council: economy deriving from associated public management; for instance, in the economic and legal treatment of personnel (contracts), information technology services, management control, technical planning, town and regional planning, etc.. A greater spending power is created in relation to suppliers and services, and thus, a further reduction in costs.

Effectiveness motivation refers to the maintenance and improvement of community services, preferably with the same expenditure, and to the activation of new services via common investment policies that allow every local council to provide services that would otherwise be impossible to offer, given the management costs: day-care for children under three years of age, social

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<sup>8</sup> The concept of “transaction cost” has been introduced by O. E. Williamson (1998). It was further developed in the Italian context by G. Becattini (2000) and it is mostly used in the analyses of the *competitive advantages* there are for the small, district-based network.

services, libraries, sporting venues, etc.. All of this was possible until the Union of Municipal Councils was subjected to the Stability Pact.

Organizational motivations are related to employment terms and staff turnover, and also to opportunities for rationalization and organizational development. The Unions of Councils in a certain period were able to employ more staff than the number imposed on single councils. A qualitative aspect can be added to the quantitative one here, regarding the increased opportunities for professional training, incentives and career development which local council personnel can benefit from, thanks to larger organizational units with greater internal articulation, as in the case of the local police forces in the Veneto region. Furthermore, associated administration leads to the rationalization of service organization, the optimization of human resources, the rendering social of the 'good practices' and better use of the competences available<sup>9</sup>.

The development motivations involve the possibility of local administrators to create a shared territorial development strategy which reaches beyond the confines of any single council jurisdiction, the first instance being town and regional planning and that of the infrastructures. The experience of associated administration on a voluntary basis has proved significant. The Region also offers the opportunity to establish Programmatic Area Agreements<sup>10</sup>, the Region itself overseeing local planning and proposals, but together with local authorities and economic and social entities within the territory. The authorities adhering to these forms of development-focused associations aim at having greater influence at other levels of government (Province and Region) and decision-making participation in the management of public services.

It is impossible to understand the complexity and, at times, the failure of the association processes without studying the resistance to association and the motivations that brought about the breaking of the association pact. The resistance may be classified in four areas: cultural, political, organizational, and economic.

Cultural resistance is essentially caused by the widespread administrative parochialism and individualism: local administrators favouring individual actions which generally come down merely to small emergency interventions and ordinary administration, rather than establishing co-operative relationships

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<sup>9</sup> One motivation which is often not expressed is that of the dismissal of non-productive or unwelcome council personnel.

<sup>10</sup> The IPA (*Intesa Programmatica d'Area* – Programmatic Area Agreement) is an instrument used by the Region for decentralized developmental programming, set up in Veneto by regional law L.R. 35/2001. For IPAs, which are derive partially from the results of the GAL (Leader programmes) and are partially ex novo (voluntary-based, with changes introduced by new programming of structural funding 2007-2013 that excludes the principle of zoning). See Messina (2008a), chapter 8.



with colleagues from neighbouring municipalities. The main reason for this attitude lies in the little mutual trust, if not diffidence, between the parties. This does not necessarily arise from differing political backgrounds (indeed, a greater diffidence is often notable among administrators/councillors of the same political group), but rather from personal and cultural differences. Administrators tend to distrust the complexity and slowness of collegial decision-making processes or when these processes involve other levels of authority. It is also evident that there is resistance to learning from the others' wise decision-making in the belief that one's own area has unique and inimitable features. All this represents a frequent lack of a global, integrated 'vision' of the territory and above all, a lack of development strategy of a wider scope.

Together with cultural resistance comes political resistance, such as the fear of losing direct control over community services. This problem is posed in the case of council members who are part of commissions overseeing functions assigned to associated administration and who may perceive a redundancy of their role – especially if this is interpreted in an administrative rather than political sense. Generally speaking, there is a problem of distancing from the decision-making body, the fear of losing visibility with the electors, and furthermore, it highlights a specific relationship dynamic between municipalities of different sizes, wherein the smaller communities are afraid of being swallowed up and controlled by a larger town (even more so if that is the provincial capital). The larger towns, although usually assigned the role of leader of the associated administration, fear the onuses that they may have to take on, penalization in the redistribution of resources, or having to renounce acquired services in the name of equal distribution.

Organizational resistance is posed mostly by technical and administrative officials, especially those responsible for the associated services, but also by other workers, especially those who, after many years of service, have created their own routines and opportunities for using personal discretion. These forms of resistance are often for reasons of user services, the risk being that a personalized approach between the frontline staff and the user would no longer take place. This is an aspect that needs to be taken into account when organizing associated services. Alongside subjective resistance is the objective organizational complexity of associated administration, the risk being that management centralization would distance the services from the citizens, and that professional specialization would bring about a reduction of flexibility in staff deployment. It is maintained that public management centralization can only be enacted if resources are increased. It is seldom taken into consideration that greater and newer organizational and relational skills are needed and that these skills must be learned *ex-novo*, since they do not form part of the patrimony of those who have always worked in contexts defined by formal, hierarchical relations (and often supplanted by informal, political relations).

Last, economic resistance relates to the fear that associated administration means such additional costs at political and bureaucratic levels that any benefit would be lost, that associated administration would become the 'retirement home' for political and administrative personnel who are to be recycled and for whom positions and salaries would be created ad hoc. There are also misgivings concerning the possible temporal lapse between immediate set up costs and future benefits which can only be confirmed in the mid-term. This comprises the perplexity over the figure of the Union president, which constitutes an immediate, considerable expense along with that of the council secretaries.

Once the motivations have been established, initial resistance overcome and an accurate analysis made of the political, organizational and financial feasibility of associated administration, the association process will have to take into consideration and act on certain constituting decisions regarding a number of problematic areas. For example, this may concern: how many and which functions should be managed on the basis of association; how many and which local councils should be associated; what shape the association should take (union / convention / consortium of councils). Otherwise, it can deal with which network governance model to adopt; which administrative and organizational model; where to establish the administrative head offices.

In conclusion, this set of constituting decisions will shape the culture and the structure of the inter-organizational network and will lay out the premises for its good functioning according to a specific logic of regulation. The good functioning of the governance model depends on the presence, at least initially, of a clear political leadership that knows how to bring together the actors (in particular the mayors) around a guiding idea of network governance, and the presence of an associated administration that knows how to manage network relationships by aiming at sharing various identities and at negotiation over the different interests at play.

#### **4. The inter-municipality network as an instrument for strategic territorial development**

The construction of inter-municipality networks could be an effective strategy for the associated administration of a series of essential community services, as well as a winning strategy for dealing successfully with the challenges of globalization. Indeed, in the era of global economy, the quality of development of a particular territory is measured by the capacity of urban centres to attract quality resources (both physical and human capital), by promoting innovation and offering services able to satisfy both the citizens' requirements and those of the local industry and commerce. In such a way, urban areas would be able to interact effectively with the world of local production, finding elements of complementariness and developing relationships that nourish long-term growth processes. This brings into discussion the construction

of a “vast area”<sup>11</sup>, intended as a complex system articulated in interconnected sub-systems with the wherewithal to favour and enhance both the development of specialized activities (relationship density, market breadth, special services and infrastructures), and the necessary degree of variety for stimulating evolutionary processes (cultural hybridization, cross-fertilization, ...), resource reordering, purposeful economies). The capacity for dialogue about integrated and shared development projects between business and urban networks would therefore be enhanced.

Within the context of North East Italy, which is characterized by the industrialization and urbanization of the hitherto agricultural areas, the spread throughout the area of both small and medium business enterprises and of numerous small municipalities (over half of the municipalities in Veneto have less than 5,000 inhabitants)<sup>12</sup>, the need to build governance networks oriented towards territorial development based on a logic of the vast area is of decisive strategic importance.

Today, Veneto considers itself a “widespread city” that is “unintentional” (Jori, 2008) and which is attempting to shape itself into a hub in the global system (Perulli, 2007), experimenting new models of business, networking, and integration between manufacturing and services able to bring about innovation. It does not manage, however, to define itself as a form of “compact city” that guarantees high-quality integrated services<sup>13</sup>. It is a system that lives the typical contradictions of any multi-ethnic society, similarly to other Western metropolitan areas that are older and more consolidated, though with a lower degree of violence and social inequality. Veneto, however, as a “metropolitan area” has one obvious flaw: it has no visibility, capacity for self-representation, and, more importantly, no institutional representation. This is because the

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<sup>11</sup> “Vast area” it is an emergent concept, present in a crowd of regional legislative actions, not only Italian, useful for the reorganization of the territory and the relationships among local Corporate bodies, for the planning of the local policies, and for the optimization of the resources to a level provincial sovra. It individualizes from a side one „net of relationships”, seen how the overcoming of the local dimension, and from the other one it is directed the search of a dimension of the planning that overcomes the provincial administrative circles without reaching the regional level.

<sup>12</sup> It should be noted here that 57% of Veneto municipalities have less than 5,000 residents, while the figure is 72% on a national level. This means that a large part of the municipalities in Veneto are of such a size as to be able, if aggregated, to create development strategies.

<sup>13</sup> By “compact city” (a concept introduced in 2006 by the CPRE – *Campaign to protect Rural England*) we mean a well-planned high-density settlement with buildings of medium height and mixed function concentrated in and around urban centres and public transport hubs; of dimensions that afford a series of social and economic advantages at a short distance from the residential areas. In order to constrain ground surface use and urban sprawl, a denser urban settlement that is able to curtail overcrowding is necessary. A misconception that must be clarified is that “high density” does not imply “high-rise building”. The compact city should be construed as a city of human proportions that can guarantee high quality of life and services and sustainable territorial development.

institutions and associations that represent local interests are still too aligned in the defence of an outdated manufacturing ideology, and localized traditions which are no longer a referent either for the innovative production enterprises or for the younger generations. Moreover, the regions of the North East (Veneto, Friuli and Trentino) have cities that are too small and no metropolis that can act as a catalyser for the advanced tertiary professions essential to knowledge economy (Rullani, 2006). It is for this reason that the towns, the provinces and the regions of the North East have, for some time, been debating the opportunity and wisdom of pooling services, professional skills, research centres and infrastructures to build an urban centre for the quaternary services, associating with the rest of northern Italy (as one whole “global region”) via networks (Perulli and Pichierri, 2010).

Based on the research that we have carried out into inter-municipality association, it becomes apparent from the success of some inter-municipality networks, more than from the large towns (self-acclaimed “metropolitan”), that innovations designed to strengthen the activities of local government have indeed been enacted, steering them towards the construction of services within the territory for the people and businesses therein.

The concept of inter-municipal network, applied to the Union of Municipalities cases and to metropolitan cities thus becomes particularly useful because, in contrast with the idea of a “local authority” (be it small or large) as a single organization with well-defined contours, the network approach means that the accent can be placed more on flexibility and functionality of relations between the actors rather than on staidness and rigidity of the individual organizational structure. By imagining the forms of associated governance among municipalities as inter-organizational networks, we are led to reflect on the network itself and distinguish at least two very different types of aggregation with diverse relational dynamics: the monocentric metropolitan network, and the polycentric local government network.

The metropolitan networks revolve around the provincial capitals, which tend to be defined as gravitational centres for the surrounding areas, while outlying municipalities, in a similar manner to the case of Veneto, which are reluctant to accept the status of satellites and hence underline their own identity, or else opt to join up with other outlying municipalities<sup>14</sup>. As it has been highlighted in specific research<sup>15</sup>, the diversity of standards and asymmetrical

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<sup>14</sup> This is the case of Campodarsego, a town on the outskirts of Padua, which opts to align with the Union of the Municipalities of Camposampiero rather than with the metropolitan conference of Padua.

<sup>15</sup> See a propos research by the *Laboratorio Dire & Fare per lo sviluppo locale* (The Say and Do Workshop for Local Development) on the cases of the Union of Municipalities, the towns and metropolitan areas of Venice, Padua and Verona, and the IPA of central Veneto. For a full picture of research, see Messina and Salvato, 2007; Messina, 2008a).

exchange (i.e. power) between provincial capital cities and outlying municipalities is an important problem of governance, since none of the local authorities accepts limitations on its sovereignty, the result being that the decision-making process is affected by diminished celerity and consequent impasse. In other words, what becomes apparent is the inability to create teamwork among authorities, which are similar but of different sizes and which, instead of thinking in terms of the complementary nature of their functions, are more inclined to affirm their individual identity, thereby their uniqueness. It is not to be said that this is necessarily a good thing for their citizens.

The medium-sized municipalities are usually centres of reference for homogeneous areas<sup>16</sup>; such is the case of Camposampiero, Castelfranco, Montebelluna, Cittadella, Bassano and many others (there are c.40-45 homogeneous areas in Veneto). These towns tend to construct local government networks on a voluntary basis (Unions of Municipalities and Consortiums), with little or no reference to the provincial capitals except in the case of bureaucratic and administrative necessity. They reject centralised networks and the ensuing asymmetry of power between the capital town and the “satellite” municipalities and the prevalent top-down administrative rationale.

The networks of local bodies, on the other hand, attempt to establish relations with the actors within the territory: the business and the social networks (as in, for instance, the Programmatic Area Agreement – IPA), but the negotiating table for concerted action is often perceived just as a ritual of little effect; as a mechanism for blocking contributions from the Region and distributing resources indiscriminately, thus reconfirming the traditional, consolidated style of administration.

An identity of area homogeneousness is being established in the case of Camposampiero (in the province of Padua) whose roots lie in an experience of associated service administration that has lasted for several years. This is an expression of a significant change in the way territorial development is regulated: from a request for contributions for associated administration to a structured political demand for regional regulation for the vast area, starting from a shared strategic development programme. This experience, the positive outcome of which has been aided via the Programmatic Area Agreement – IPA Table and involves 11 municipalities, is being extended to other IPAs in central Veneto and is also giving rise to new ones.

In these cases, the medium-sized municipalities, which are centres of reference for homogeneous areas, have the tendency to create stable networks with functions of associated service administration (Unions of Municipalities) and of territorial development, the ‘catchment’ areas of which may vary

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<sup>16</sup> These homogeneous areas in Veneto correspond to an old form of zoning, called *Comprensori*. They were defined in relationship both to levels of partner-economic development and to levels of disbursement of territorial utilities and services.

according to the functions carried out and the interests of the bodies involved. This is a rationale of a network construction starting from the base and “variable geometry” kind, involving local bodies, valorising the specific nature of a wider functional design which is the case of Camposampiero (Gallo, 2009), and which also promotes the prospect of the vast area<sup>17</sup> in the awareness that only beginning from this level can one hope to govern the development of an inter-related territory in the face of the global market.

Planning and encouraging the construction of an inter-municipality network which is polycentric means first of all acknowledging equal dignity among all parties, and secondly, acknowledging and sustaining a form of government based on functional interdependence, which is the premise for both organic service management for the homogeneous areas (Union of Municipalities) and for strategic planning of the vast area (of the functional type). This is attained by using the tools of negotiation and decision-making among local authorities on a joint basis, and also constitutes a decisive step towards the practice of functional federalism.

A homogeneous area is an area that shares social and economic, historic and cultural, and orographic features; which has roughly defined territorial borders and is identifiable as an ambit of common service management and functions and which lends special attention to vicinity services. The vast area goes beyond the homogeneous area, putting into the network the functions, whilst still maintaining territorial identity. This, then, is a flexible network with diverse actors, both public and private, which changes according to the functions and the fluxes of the moment, in which it is the functionality and efficiency of services offered that is important.

The creation of a vast area aids the process of tackling problems which, on a local scale may seem unsolvable (logistics, health care, transport, security, etc.) and handling the dimension of development sustainability with more adequate tools and within the long term prospect. The problems of “network governance” may be effectively dealt with, in fact, by collaboration among the different participant local governmental bodies – the defining entities of the network itself. To this purpose, the challenge seems to be that of functional federalism via which the functions offered by the territory are made complementary and not repetitive. All the territories involved are called upon to welcome functional co-operation with other outlying towns and villages in a “glocal” prospective. With this new vision of governance, the variety of urban space is defined in a territorial development project whereby the local specificity and specializations are enhanced in a global context, and those functions which, up to that date, have been used just on a local level are put to common use.

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<sup>17</sup> See the vast area plan of the “Central Veneto Pentagon” which refers to the aggregation of five homogeneous areas in central Veneto: the areas of Camposampiero, Castelfranco, Montebelluna, Bassano and Cittadella. Cf. Doriguzzi Bozzi et al (2008).

## 5. Conclusions

The hypothesis of a vast area that can unite economic competitiveness with quality of life, however, comes about via a different way of thinking about 'space' and the division of work between urban and inter-urban space. This is not about creating new administrative structures, but rather about creating co-ordination between those who operate within the area (businesses, independent local structures, universities, trade unions, associations, etc.) so that intervention projects on a wider scale can be put into practice with a significant catchment area. If these projects were made standard practice with a real division of labour among the qualified urban centres, even the small municipalities, with the aid of the economic and social components of the area, could become part of an important city-region which is able to interact, in a functional way, with European and global networks.

The problem to solve here again is that of the decision-making regulations. How and by whom is the network of vast area actors to be coordinated? How should decisions be made: by unanimous or by majority consensus? What is to be done if one or more local government bodies or boards should withdraw from the voluntary agreement and not abide by collectively made decisions? What is to be done in the case of opportunist behaviours? It is on these elements of regulation that the actors' capacity to give depth and continuity to the shared development project, to build the social capital of trust and loyalty that make the bond of the network more stable often depends. If there is not sufficient clarity in the rules regarding the limitations and opportunities that they can generate, the inter-municipality network and the 'vast area' run the risk of remaining hopes for the future and not even having the means for starting.

To ensure effective policy planning in the setting up of municipality networks (especially in the case of small towns) in the perspective of the 'vast area', two essential conditions should be met: a local leadership to guide the project and decisive incentive policies at an extra-local level (regional, national, European). These two elements should enable the parties to think in terms of project cooperation within a wider-reaching urban system (polycentric); a system which has as one of its important objectives the building, together with the network, of relationships of trust and mutual interest that contribute to the sense of belonging to the new political community (polity) that is taking shape.

In the light of this, it can be said that the opportunity for redesigning the local development model so that it can take up the challenge of globalisation – for this as well as for other Italian and European regions – is closely tied to the capacity of the strategic actors in local development to define a new "social pact" which can give rise to a type of regulation that is innovative and supersedes the stereotypes of the local development model (the old model, based

on the success, for example, of North East Italy, is no longer sustainable). This requires a capacity for re-interpreting tradition.

A new pact among the local actors that takes into account, on the one hand, changes that have taken place in the social and productive make-up of the area (immigration, cultural secularization, changes in family structure, globalization challenges to local PMI systems, etc.), and, on the other hand, the necessity to rediscover the fundamental role played by politics as a development project – integrated and shared – in which the dimension of conflict does not disappear at all, but is transformed from a problem into a resource, by which one can begin to define a problem in its complexity, from differing different viewpoints, and thus develop strategies which are both clear and shared for the creative solving of the conflict.

This project can define a new concept of polity, of political community, starting from the new role, gradually taken on by local governments and their forms of joint endeavour (association), to the strengthening of their competencies in territorial development policies, and to their capacity for cooperation.

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