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CHAPTER 8

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In economics not only *space* matters, but certainly also territory and politics

Denise Pumain¹

1. Introduction

The contribution of Roberto Camagni to urban economics is impressive and really original. In her introduction to this book, Roberta Capello underlines his “constant endeavor to highlight the active role of space in economic phenomena”. I want to express a complementary line of argument from a geographer’s perspective.

I will mention three among all possible reasons for celebrating the immense quality of Roberto’s work: the first is related to economic theory; the second regards research practices; and the third is about commitment in society. I see here three opportunities to demonstrate not only the high compatibility of Roberto Camagni’s research with the epistemology of geography, but also to highlight his role in placing economics at a right position within social sciences.

2. An epistemology of complexity in social sciences

When I first read Roberto’s handbook on urban economy in its French version (Camagni, 1992) what appealed me most was his adoption of a concept of intrinsic asymmetry in the exchanges between cities and their rural environment to explain the origin of urban land rent, urban accumulation and further agglomeration economies. Far from reducing the urban economic theory to an application of general market economy principles, this approach opens a way towards the complexity of an urban object that cannot be reconstructed from the theories of a single disciplinary approach (the necessary combination of fundamental concepts from different disciplinary fields for identifying any object would be to me a possible definition of the complexity of societal systems). The asymmetry is imposed on the terms of trade regulating the exchanges because the city is also ia place where a diversity of sources of

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social power is concentrated. Such diversity enables the stakeholders to take a systematic profit from exchanges with others (for instance through fixing an unequal price to products, lower for agricultural goods from the countryside and higher for craft and manufactured goods that are produced in the city). A consequence is that, even in its economic definition, a city cannot emerge from pure economic principles only but also derives from sociological, political, cultural and economic processes.

Although more difficult to formalize - but also more interesting - the approach of this handbook seems to me more promising and superior to the Fujita-Thisse approach to urban economics. It is in that sense that I can rejoin the critical assessment made of so-called New Economic Geography by Roberta Capello (2005): "*In these approaches (New Economic Geography), what misses is the most interesting interpretation of space as additional resource and autonomous production factor of development*"² "Space" in Roberto's vision is not limited to geography as a container of human activity but encompasses the fertile concepts of innovative *milieu* and the proactive behavior of entrepreneurs and stakeholders in territorial competition as well as the political forces that are aggregated in territorial units at various spatial and temporal scales.

As a result, Roberto Camagni enriched and somehow "invented" the concept of a "territory" as integrated into economic theory by defining the territorial capital, including not only "the material and immaterial factors reducing the transaction costs" generated by proximity interactions but also the "social relations and social learning processes" and the "local governance system" which provide a territory an absolute and not only comparative advantage in the territorial competition (Camagni, 2002; Chapter 5 in this book). In this paper, Roberto argues against Paul Krugman and insists again on asymmetries in the globalization process and on the "*intrinsic openness [of local territories] both to the movement of goods and movement of factors*" (*ibid.*, p.15). He clearly assumes a non linear perspective for regional and urban dynamics that he was able to translate into simulation models of territorial agents (Camagni et al., 1986; Chapter 9 in this book). Thus the research developed by Roberto Camagni comes very close to the concepts investigated in evolutionary economics, when considering urban cycles and profit-rent dynamics as fundamental processes. Especially, his conception going "beyond optimal city size" (Camagni et al. 2013; Chapter 13

² The original version is in Italian: "*In questi approcci (New Economic Geography) manca l'interpretazione più interessante dello spazio come risorsa aggiuntiva e fattore produttivo autonomo dello sviluppo*".

in this book), although remaining fundamentally rooted in economics, assumes “structural adjustments” after urban growth including shifts towards higher order functions and growing external linkages that could reduce the gap between urban economics and a geographical evolutionary theory of urban systems (Pumain and Reuillon, 2017).

3. *The empirical research in practice*

Regional Science emerged among social sciences as a specific branch derived from economy, because econometrics and economic theory since the end of 19th century had abandoned the political economy as well as the territory. The largest merit of the Italian school in Regional Science is to never forget about politics and territory when acquiring and formalizing knowledge in the field of regional and urban economics – too often excluded from theory by other schools.

Another merit of the research impulse given by Roberto Camagni is to reserve the right place to empirical observation when producing and testing theoretical hypothesis. To my knowledge, he is among the rare scholars having tried to inject observed measurements of urban costs and employment growth in dynamic models (Camagni et al., 1986; Chapter 9 in this book). He was also a pioneer in launching a systematic empirical investigation to assess the real costs and benefits of the large movement of urban sprawl through combining environmental and social indicators in a diversity of types of urban settlements on the example of Milan metropolitan area (Camagni et al., 2002). Too many further discussions about compact cities and the costs of peri-urbanization in Europe were made during the last decades without similar efforts of observation.

Roberto Camagni and his colleagues applied the same careful attention to empirical observation when they tried to define a “territorial impact assessment” for instance in order to measure the impact of transportation policies in Europe (Camagni, 2009; Chapter 20 in this book), or to assess, model and predict the urban and regional growth trends in Europe (Camagni et al., 2015; Chapter 7 in this book). The attention to the value of territories is made more acute by the challenge of deriving from sound scientific results a responsible advice to the local, regional, national or international planning agencies trying to repair the trends toward enlarging regional and urban inequalities or to anticipate the next urban and regional developments.

4. *A citizen-scientist involvement*

Roberto Camagni deliberately involved himself in territorial action parallel to his academic career, probably following a research driven intention to check about the applicability and validity of scientific principles and results on the policies aiming at governing the evolution of territories. He acted at national level as well as internationally, for instance as Head of the Department of Urban Affairs at the Presidency of the Council of Ministers in Rome, as counselor to the French National Planning Agency (DATAR), at the DG Regio in Brussels at European level and for OECD.

Roberto actively participated in the institutions where urban and regional economics were confronted to challenges he wanted to take up as a scientist, with a strong concern and a high consciousness about the huge responsibility for contributing to a more clever and adapted local governance: *“Particularly in the present techno-economic phase, witnessing the increasing importance of knowledge factors, of immaterial elements linked to culture, taste and creativity, the innovative utilization of the existing stock of codified knowledge and technologies requires greater investments in tacit knowledge, human capital, management and organization, co-operation and networking; in a word, it requires conditions that are rare and not at all ubiquitous”*. He also insisted that *“the way towards territorial competitiveness, engaging public administrations and local communities in the creation of a widening spectrum of “preconditions” – from hard to soft, from competitive to cooperative ones – does not mean at all a wasteful zero-sum game”* (Camagni, 2002, p. 19; Chapter 5 in this book).

Certainly, such a balanced, optimistic and engaged voice is difficult to convey to international audiences within the contemporary context of power relationships. I was honored to participate in the meeting held in Firenze in 2009 for celebrating the 30th anniversary of the creation of the Italian Association of Regional Science in 1980 (after an Italian section of the RSAI was set up at the initiative of Walter Isard in 1969 in Rome). In this occasion I underlined the biased vision that was given in 2004 by the RSAI journal *Papers in Regional Science* which celebrated the 50th anniversary of that international association (Golden Anniversary Issue, 2004). In this journal very little mention was made of Italian contributions to urban and regional science, although Roberto Camagni (during the 1980s) and Roberta

Capello (during the 1990s) were well acknowledged as «intellectual leaders». However, while Philippe Aydalot, Claude Ponsard and François Perroux were cited among authors of path-breaking books, no mention was made of Camagni's *Economia urbana*. This could perhaps be due to a non-conventional and too revolutionary approach to urban and regional economics. In my speech I dared to claim that “*The Papers convey a biased parochial view with a competitive and accounting concern that is not shared in our Southern European culture. To my view, the strength of Italian Regional Science is to maintain itself outside and ahead of the «mainstream»*”. I am pleased to notice that since that time the situation changed at international level; the recognition of the Italian school and of its heterodox approach came with the designation of Roberta Capello as Editor in chief of the Papers.

5. Conclusion

From my position this short text is a far too modest contribution to the expression of the immense gratitude deserved by Roberto Camagni's scientific work that is fortunately more developed in other chapters of this book. I want to thank him especially for his remarkable mind openness, enabling to reestablish economy as a social science. He chose an open academic posture: not open to mainstream theories, but rather open to empirical observation and experimentation, to other scientific disciplines, to action in the civil society, and to our responsibility in a rapidly changing urban world. This has been my feeling since long ago, when we first met in the summer school that was held in the marvelous small Italian town of San Miniato in July 1982. The meeting was founded by the NATO and organized by Dan Griffith and Giovanni Rabino. During two weeks, the scientific and friendly exchanges among architects, economists, physicists, mathematicians and geographers were so fruitful for the future development of regional and urban science that a list of names of the participants is enough, first for reminding so good memories and genuine intellectual excitement and second for drawing what would become the research agenda of the four next decades towards a better appraisal of urban complexity: by alphabetic order, Cristoforo Sergio Bertuglia, Roberto Camagni, Leslie Curry, Dimitrios Dendrinis, Lidia Diappi, Dan Griffith, Günter Haag, Giorgio Leonardi, Silvana Lombardo, Bernard Marchand, Peter Nijkamp, Silvia Occelli, Denise Pumain, Giovanni Rabino, Aura Reggiani, Lena Sanders, Wolfgang Weidlich and many others...

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