

## The Governance of Metropolitan Areas in Italy: a Plan to Enhance Competitiveness

### 1. Introduction: the difficulties of enacting a metropolitan reform

The metropolitan issue is not a new concept in Italy. It has been hotly debated since the 1960s; indeed, the government has proposed laws but all have been systematically neglected. Yet, it is not an insignificant matter: the metropolitan issue is a phenomenon perceived both at academic and administrative level, and above all it is experienced first-hand by workers, entrepreneurs, students and consumers. It is witnessed on a daily basis within an area defined by the network of relationships which go beyond municipalities and regional boundaries.

If the existence of a metropolitan area is a real phenomenon, the implementation of its organisation – at least in Italy – is not rational. The need for metropolitan governance has arisen from the awareness of an increasing inefficiency as a result of the misalignment between the expansion of physical and socio-economic structures on one hand with the expansion of political and institutional structures on the other. This disharmony increases the cost of living for citizens and companies by snatching precious resources allocated to investments and expenditures.

Despite this endless debate, there has always been a conspicuous lack of any actual attempt to implement metropolitan governance. Among the causes of this absence of attempts is the lack of political willingness to change the Italian institutional structure, which involves not only the metropolitan cities but also the wider phenomenon of fragmentation affecting the municipalities in these regions.

Conversely, the problem of a governance reform is not necessarily resolved through a radical change of the administrative units, instead a solution could lie in a “territorial cooperation” approach.

An analysis done by Ocse (2006) proved that – given the existence of specific conditions such as the presence of strong local leadership and defined incentives for cooperation between areas – the territorial cooperation approach might result more efficient than the political authority’s impositions. Therefore, as has happened elsewhere in Europe, metropolitan policy in Italy may be more easily implemented with closer cooperation between local entities, than if they are substituted with a larger administrative unit.

### 2. The metropolitan city: a strategic resource for a new development cycle

To deal with the metropolitan issue means constructing a new model of territory government to provide more opportunities to citizens, workers and companies by ensuring efficiency, quality and competition where we live.

The need for metropolitan governance responds to the new challenges posed by international competition by equipping the territory with facilities, services and high quality goods to support a new development cycle.

From this point of view, it is important to take into consideration the territory polarisation of critical factors involved in the development of some metropolitan cities, where there is not only infrastructural capital but also specialised human capital. Edward Glaser, by observing the failures of several real-estate developing programs, pointed out that the cities are made of people, more than buildings or services (Glaser, 2013).

Cities and metropolitan areas, from different points of view, are an economic paradox: although the settlement costs are higher than in the suburban and rural areas, the attraction to metropolitan areas doesn’t decrease. Over 50% of world population and almost 70% of European population is today settled in urban areas, and this tendency shows no signs of slowing down.

Observing current trends, it is clear that the advantages of living and working within a metropolitan area

are bigger than the costs incurred. In the United States, enterprises located in metropolitan areas with more than one million inhabitants record a job productivity of over 50% higher than enterprises settled outside metropolitan areas. Consequently, salaries are also higher. Moretti (2013) underlines how the development of industries with higher levels of innovation in the USA encourages a trend towards polarisation in specific metropolitan areas (Boston, San Francisco, Seattle, Austin). These areas – a concept Moretti has called an innovation hub – accumulate manufacturing, technological and infrastructural investments, thus creating a virtuous cycle.

The balance between urbanisation and productivity levels has been examined many times. According to Brookings Institution, one fifth of the world's population lives in 300 key metropolitan areas, yet they only produce half of the world value added. According to combining Oecd and Eurostat data, it has been observed that in European regions with large metropolitan areas, the per capita income is on average one fifth higher than other regions. Yet, human capital – based on the proportion of graduates by total employment – is one third higher than other regions. However, the more interesting data is the licensing patent index – an incomplete measure but meaningful as an expression of innovation capability – which in the metropolitan areas is twice as high as other regions, and increases to three times higher if we also consider scientific and technological specialised patents.

The role of innovation is not only strategic for next-generation technology, but also for the local economy as a whole. Innovation in more technologically advanced industries is transferred on more easily to those which are more mature, particularly when the former are physically located closer to the latter. This was exemplified by the effects of digital technology on productivity growth in traditional manufacturing, commerce and financial services. There is also a significant indirect economic effect on the local economy: Moretti (2013) underlines how, for every worker employed in innovative industries, five further working positions were created in close proximity (from doctors to healthcare assistants, from plumbers to carpenters, from bankers to teachers). While these 'proximity jobs' arise from local demand, their wages are connected to the 'innovation jobs' which in turn, rely on national and international markets. In Europe this connection is less tight, both because employment is more connected to the area and since welfare measures and employment market regulations tend to mitigate the differences between areas. However, the relationship between the marketable businesses – ie, those dealing with exports – and the proximity businesses – ie, those only oriented around local markets – is easily validated anywhere. For example, the export index of Italian regions has an almost perfect correlation with the level of GDP per capita and the employment rate (Corò 2013).

### **3. The implicit request for metropolitan governance**

The reasons behind the need for metropolitan governance can be analysed on two different levels. The first looks at actual effects of metropolitan governance on families' life conditions and costs, as well as on the increase of opportunities for citizens, companies and workers. The second one looks at the competitiveness issues and concerns the need for increasing the efficiency and attractiveness for investments. These two levels of analysis are clearly very similar and sometimes it is difficult to distinguish between them. The ability to attract high-innovation potential investments depends on the presence or availability of specialised employees to relocate to the area which in turn, requires good environmental qualities, the availability of sufficient services and lively cultural activities. If such attractiveness is not present in Italy, it is due to metropolitan governance being below the efficiency standards of other countries and European regions.

Issues of efficiency and city quality have been neglected for too long within the Italian development debate. In particular, the refusal to align the institutional level to the new spatial processes caused a decrease in territory productivity and the reduction of the attractiveness for investments. Calafati (2009) uses the term "territorial coalescence" to define the process of integration of the physical structures with

socio-economic relations, a process that goes beyond the traditional administrative borders. Furthermore, it is exactly the point which coalescence reaches its highest level that the absence of metropolitan governance has negative effects on family wages, working opportunities and also on environmental conditions. One simple example is the growing cost from congestion, air pollution and the lack of green spaces. These factors all contribute to limiting the qualities and attractiveness of locations, and subsequently lowering the real-estate value and the family wage level.

This matter has a mainly political and economic significance: as long as each local administration continues to deal autonomously with the issues that have a range of effects reaching beyond the territory borders – from city planning to mobility, from environmental to economic development, from safety to culture – the solutions attempted will continue to be inadequate.

#### **4. Features of an attractive metropolitan area**

The governance of a metropolitan area should have one specific objective: to develop an eco-system which supports the growth of services and businesses with high-innovation potential in order to create new entrepreneurial initiatives and working opportunities.

An attractive metropolitan area is characterised by three main features. The first is the combination of external economies that enterprises – and not necessarily the largest ones – can create internally. Examples include the availability of specialised employees, the opportunity to work with a network of suppliers and services, and more generally, a culturally dynamic, curious society that is open to innovation. These qualities are co-dependent; in particular the presence of specialised employees attracts investment by enterprises.

The second feature is the presence of formal and informal institutions that are able to provide education, research, finance, industrial relations, supply networks and social integration. These institutions are not only related to the political-administrative system, they are also connected to the socio-economic stakeholders (e.g. trade unions and other organisations, school and universities, banks and foundations).

The third and most important feature is the ability to transform an area into an attractive and dynamic metropolitan system: the ability to create connections with technological, cultural and business opportunities outside the area.

As shown by Saskia Sassen (1997) and Peter Taylor (2012) in their works about urban economics, one of the distinctive features of a metropolitan area is the presence of infrastructures and services to reach global markets. At the same time, Brookings Institution identifies the essential feature of metropolitan areas as the ability to create a network of relations with the world and calls this feature “global fluency”.

The openness of a metropolitan area depends on an endowment of strategic infrastructures – motorways, airports, ports, high-speed railways, broadband – but there are other factors that help an area to connect with global networks, such as multinational corporations, fairs and services for enterprises’ internationalisation, foreign students and workers, professional, cultural and artistic international networks.

Joel Kotkin (2014) has created a city rank, based on the global openness level. The classification involves eight factors:

- i. air connectivity;
- ii. diversity (foreign-born population);
- iii. foreign direct investments;
- iv. corporate headquarters;
- v. producer services;
- vi. financial services;
- vii. technology and media;
- viii. industry domination or hub status.

While the size of the city may not explain the entire situation, evidently only a few of the large metropolitan

areas succeed in developing these factors. At the top of the list are cities like London, New York and Paris. The first and only Italian city in the ranking is Milan (41th place).

## **5. The Veneto region as workshop for metropolitan development**

The goal of a metropolitan project for Italy is two-fold: on one hand to organise the urban sprawl and spread of networks which push beyond the traditional administrative boundaries; while on the other to increase opportunities for citizens, workers and enterprises.

While the metropolitan system in central Veneto comprises some unique features, it is also similar to other European regions. The area between Venice, Padua and Treviso is characterised by increasingly integrated socio-economic development, and thus exhibits a real need for metropolitan governance. It is possible to consider this a metropolitan area because of its demographic dimension, population density and its commute network.

The metropolitan area of Veneto is indicative of others in Italy; above all else there has been no regulation of growth during the last few decades. At the same time, even the smallest municipalities worked for their own interests and within their own boundaries. Therefore today projects need to be managed according to coordination on a wider level.

## **6. Mobility, culture, environment: a metropolitan agenda.**

A metropolitan development strategy should first encourage action in the transport system. The public transport network is managed according to local administrative principles, both for road and rail services. Indeed, it is difficult to envisage the development of any metropolitan space without a modern inter-connection infrastructure, which must be underpinned by public transport, especially rail. Thus, one of the first goals could be to develop a single, unified ticketing system.

Moreover, the metropolitan management of a transport system should address road and motorway infrastructure where network planning is problematic, with a particular focus on integrating transport methods. It should address both the economic regulation of tolls and – as in many European cities – it should assess the efficiency criteria of routes whilst taking into account the diversity of use (for example, for commuting, business or long-distance travel). A proper system of road pricing with tiered fares could also contribute towards the financing of metropolitan public transport.

With further regard to the transport network, it is necessary to deal on an appropriate scale with the issue of corridors and major metropolitan hubs defined by the intersection of important communication routes or by significant, centralised infrastructures. First and foremost should be ports, airports and high-speed railways. It is particularly vital that the planning of a new high-speed rail network takes into account the logic of inter-connection methods, and on a metropolitan scale. This means that the first task is to establish direct links with airports.

With regard to infrastructure, it is crucial not to overlook broad band and digital connectivity. The strengthening of technological innovation processes in Italy has been made possible by the attraction of national and foreign investments by companies who position themselves both from the demand side (as commercial users of the internet) and on the side of the offer (as suppliers of digital products and services).

Amongst the top themes in the reorganisation of the metropolitan area of central Veneto is that of the production zones. Even during the crisis years, demand for buildings used for production, logistics, service and commercial activities persisted, but in a different manner to previous years. These days, spaces used for economic activity require greater accessibility, generally larger allotments and a wider availability of services for businesses and individuals as well as decent digital connectivity. At the same time, the crisis on one hand and the evolving needs of sectors and companies on the other are contributing to this “free

space”. Nevertheless, these aspects are not always compatible with the new production capabilities – hence the opportunity to enable the recovery, conversion and valuation of “empty metropolitan areas” through building renovation projects and reassessment of their functions. To do so requires the capacity and governance structures which are capable of uniting both public regulations and private initiative such as a shared agency for the real-estate recovery of the production heritage.

Furthermore, the processes for building renovation should also involve the residential heritage: area requalification occurs by means of urban planning focused on recovering the existing zone, improving the environment and on energy efficiency. Metropolitan development is linked to careful planning of urban and suburban space, and is also conducted by means of projects to increase the density of existing construction hubs, which in turn facilitates the integration of services and functions between the centre and the suburbs. Moving this planning at a metropolitan level means that the waste of land brought about as a result of local governments’ uncooperative ‘games’ is limited, and is achieved through employing tools for equal urban distribution which allows cities to grow in a more liveable and sustainable way.

By the same token, among the services which could benefit from a level of metropolitan governance are the public utilities, such as waste management and the regulation and safety of water services (Zanetto et al 2013; Chiellino 2014). The close interdependence on various land uses has given rise to the necessity for unified governance of these environmental issues. A project at metropolitan level would also be useful to develop an innovative energy policy, through the implementation of intelligent networks to support the production (of energy) distributed and the use of renewable resources (Lorenzoni 2014).

Other areas in which the metropolitan dimension would certainly lead to a better service offering are health and higher education. With regards to health, a policy of metropolitan integration would encourage the specialisation of hospital units, guaranteeing conditions of access to advanced services for a much wider section of the population. The same argument applies to high school and university: the widening of catchment areas for schools and university campuses would increase the freedom of choice for families, encouraging specialisation and rewarding higher quality training projects.

Efficiency and quality in these services are not only positive factors in themselves; they are an essential element in a policy for the competitiveness of the area. In this regard, an increasingly important role is played by environmental qualities, and now this goal can be more easily achieved within the principle of metropolitan governance. Moreover, as for the services, the accessibility of different places which display environmental and natural qualities – such as parks, rivers, lakes, coast lines, hill and mountains – is a factor in the attractiveness an area. Thus, a scheme involving payment for ecosystem services – such as people paying from the environmental services provided outside the city – should become part of the metropolitan federal agreement.

Finally, the scope of management for a wider range of tourism policies and central-Veneto culture should not be overlooked. The implementation of these policies at a metropolitan level could encourage more visitors as well as a more efficient management of the flows of visitors – a crucial issue for the preservation of the historic island of Venice. Furthermore, an integrated cultural policy would help to enrich the offering thanks to the content specialisation and apportioning of costs for advertising and communications. Thus, it would be possible to “free up” resources to use instead for the promotion of novel cultural activities, innovate with tools of active enjoyment of the heritage and activities, with positive effects than may be enjoyed across the whole area.

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