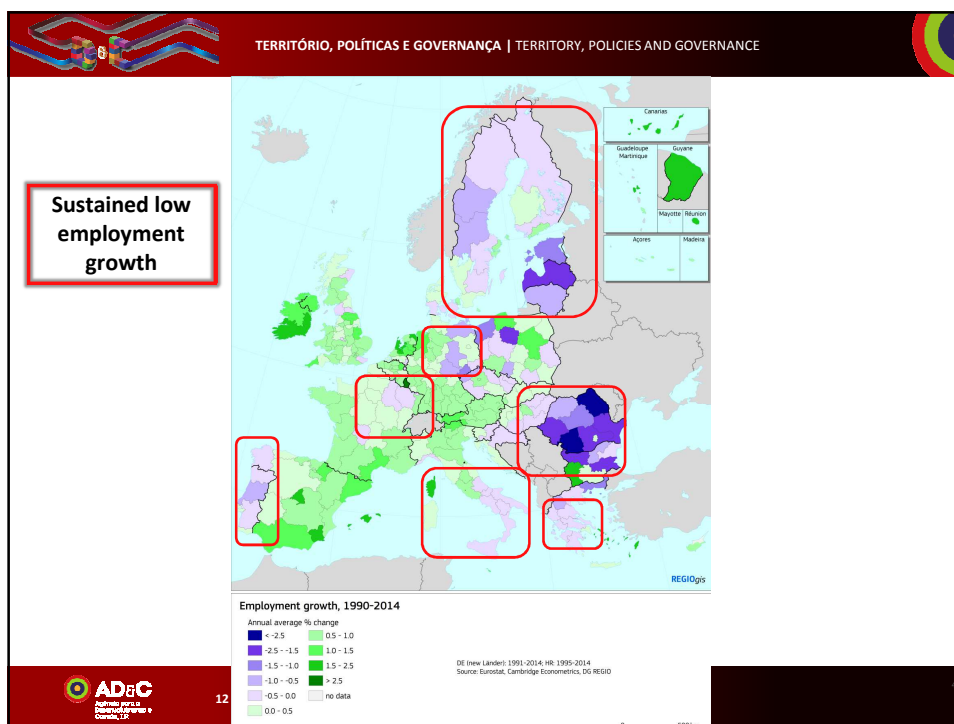
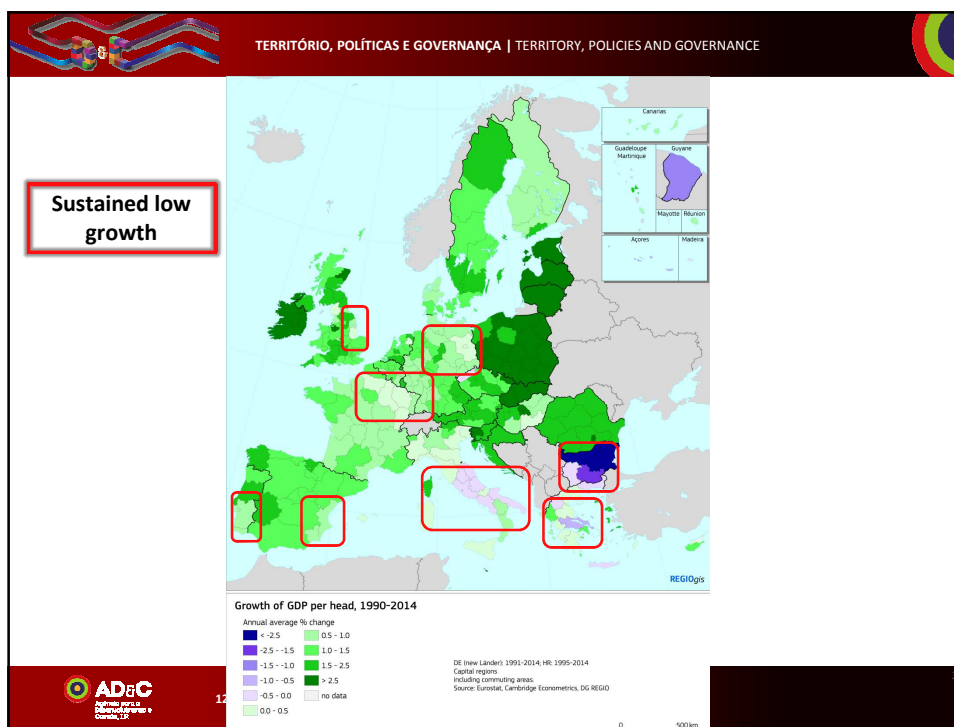
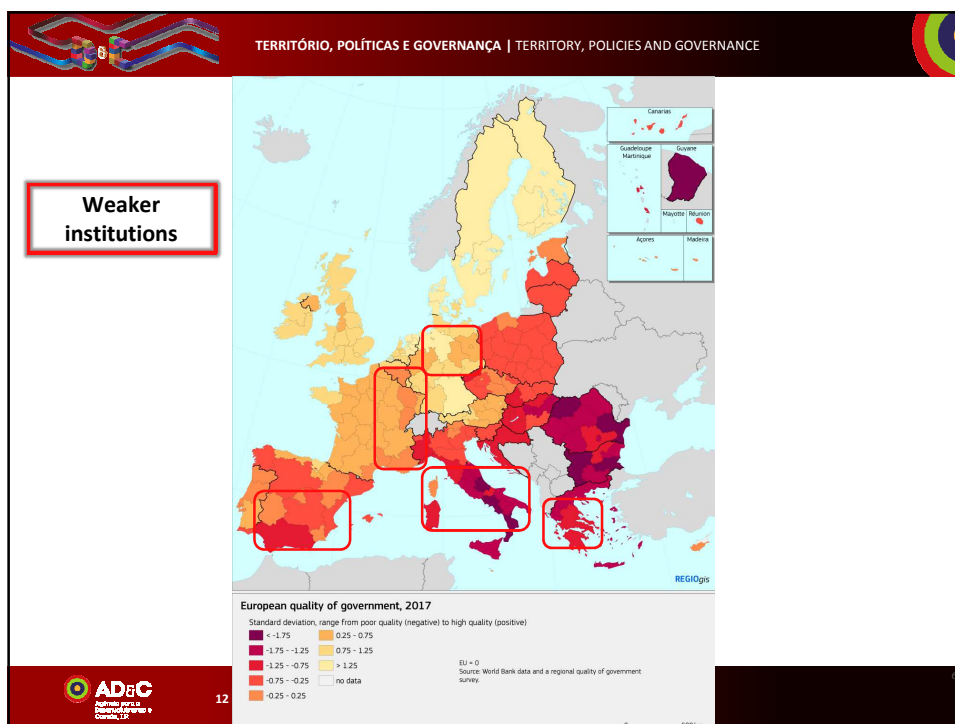
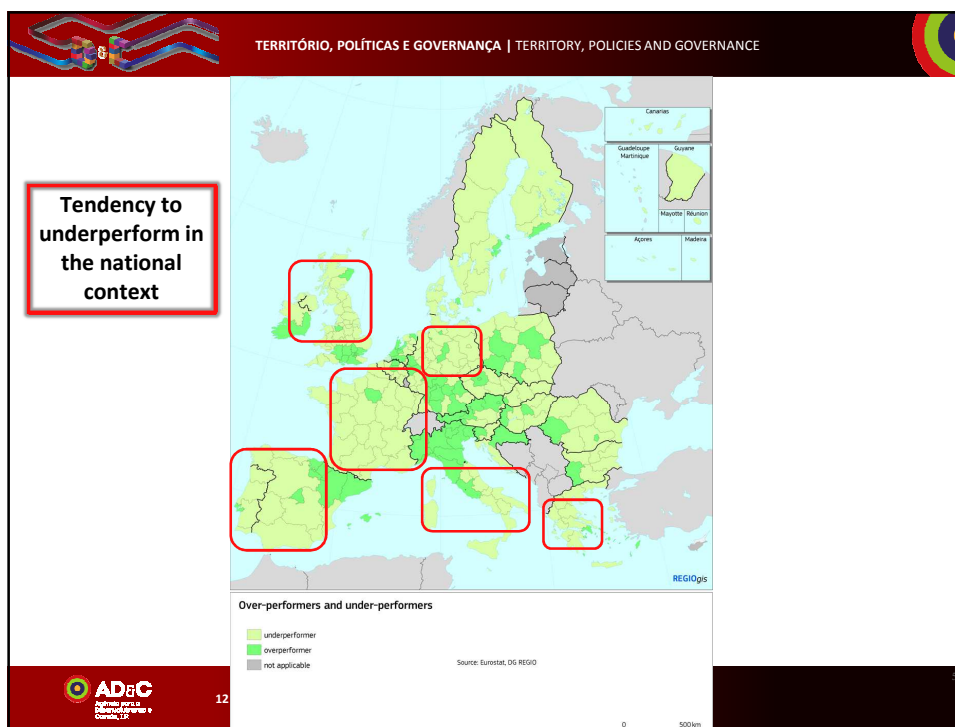




**Low growth, institutions and the need
for a new regional policy**

Andrés Rodríguez-Pose
London School of Economics





TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

Expo Station, Seville

'Radial' motorways, Madrid

AVE Toledo-Albacete

Castellón Airport

Spanish ghost airport costing €1bn attracts offer of just €10,000

Ciudad Real Airport

FT FINANCIAL TIMES

July 17, 2015 5:38 pm

Tobias Buck in Madrid

12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

The New York Times

CORRUPTION SEEN AS STEADY DRAIN ON ITALY'S SOUTH

A1 Motorway Greece

Motorway Salerno-Reggio Calabria

From 2000 to 2011, Italy received more than \$60 billion in the European Union financing to underwrite a wide array of programs, in areas including agriculture and infrastructure, most of it directed to the south, with little but a half-completed highway to show for it. Spain, which was given a little more than US\$100 billion, at least built a world-class high-speed rail network. (Greece received 50 billion, an enormous amount in per capita terms, also to a clear effect.) Rachel Donadio, NYT, Oct. 7, 2012

12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

The middle income-trap conundrum

- Regions can enjoy high growth rates for a certain number of years
- Before experiencing a long-term slowdown
 - Labour costs rise to a point where other regions become more attractive for labour-intensive, low-skill activities
 - But they lack the advantages of richer regions in terms of:
 - Productivity
 - Organisations and business ecosystems
 - Inventiveness and skills
- Stuck between a rock and a hard place
- And increasingly representing one of the hardest challenges for policy

AD&C Agência para a Desenvolvimento e Comércio, L.P.
12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

Political consequences through the ballot box

The figure displays several maps illustrating political election results and trends across different countries:

- Thailand 2011:** Map showing the leading party's distribution.
- Brexit 2016:** Map of the United Kingdom showing the share of Brexit and Remain votes.
- France 2017:** Map showing the leading candidate after the first round of the elections.
- Italy 2018:** Map showing provisional election results, categorized by Centre-right, Five Star, Centre-left, and Five and More.
- Germany 2017:** Map showing extreme right- and left-wing populist votes in national elections, categorized by AfD and Left.
- USA 2016:** Map showing county vote swing from 2012 to 2016.

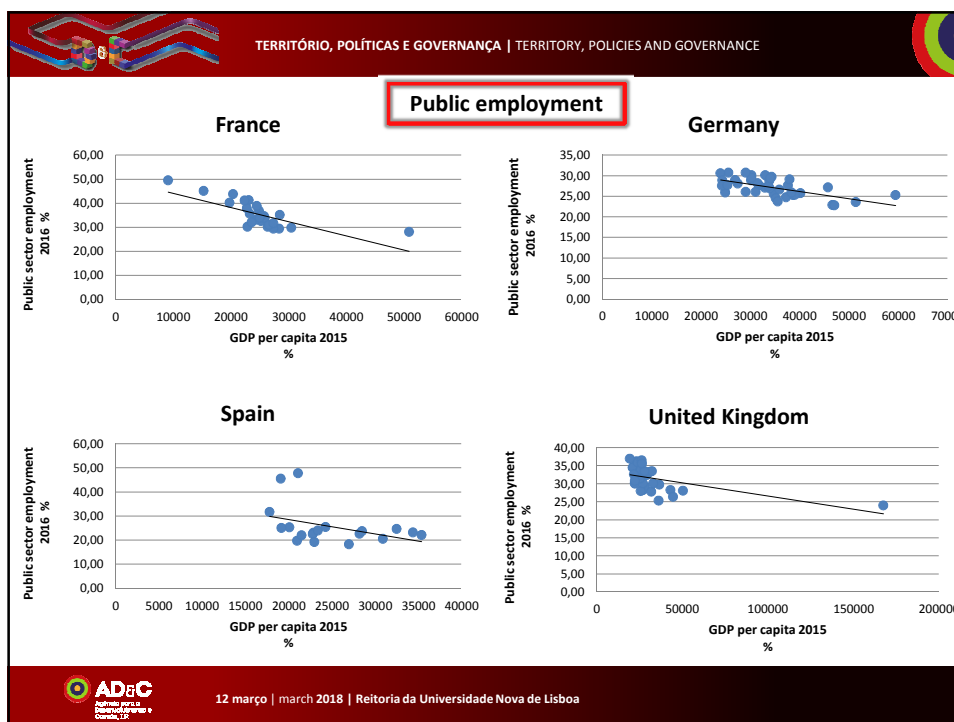
AD&C Agência para a Desenvolvimento e Comércio, L.P.
12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

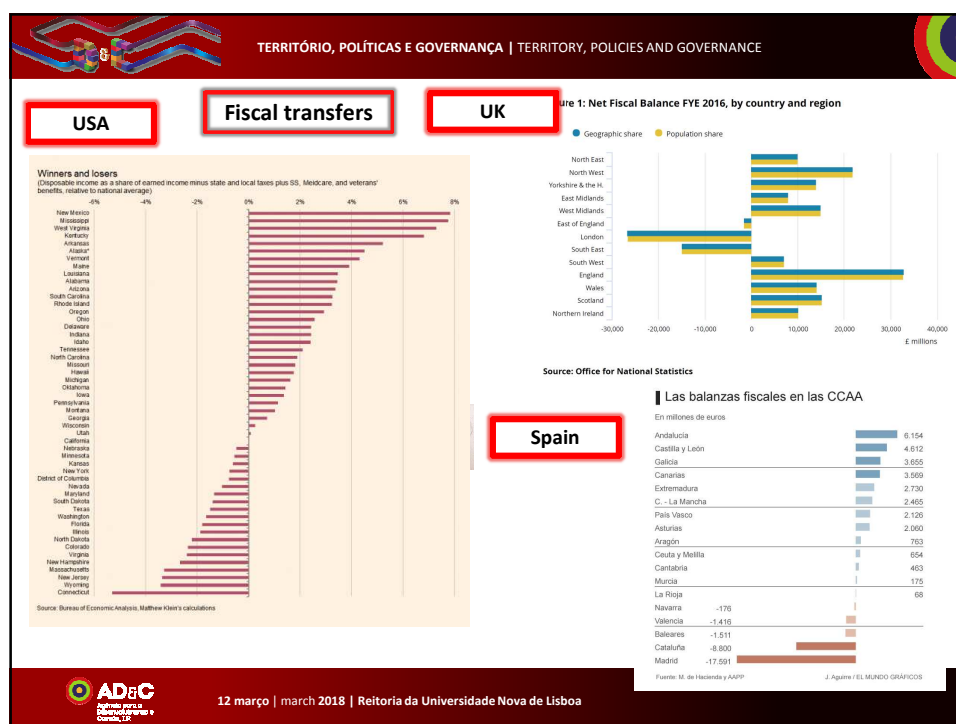
TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

Has nothing been done for these areas?

- No
- **National level**
 - Welfare transfers
 - Public employment
- **Regional level**
 - Past industrial policy
 - White elephants
- **The real economic potential of these areas has not been mobilised**
 - Policies have often promoted collusion, corruption and poor government
 - Perpetuating the impression that there is no future
 - This is massively resented

AD&C Agência para a Desenvolvimento e Coesão, L.P. 12 março | march 2018 | Reitoria da Universidade Nova de Lisboa





Has nothing been done for these areas?

- Policies for regions in this middle-income trap need to move up the policy agenda
 - In order to generate more opportunities in middle-income trap regions
 - To tap into untapped economic potential at European level
 - And to preserve and enhance the development potential elsewhere in Europe
- We need more, not less policy
- But a different policy
 - Away from simply providing welfare
 - Away from sheltering less developed regions
 - Away from big, visible white elephants

TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

Towards a different type of policy

- **Place-sensitive policy**
 - Strongly based on theory and evidence
 - But sensitive to the different conditions of clubs of regions
 - Aimed at tapping local potential
 - And enhancing the opportunities of every territory (entrepreneurship, skills, absorption of innovation)
 - Offering portable skills
 - Tackling institutional inefficiencies and bottlenecks head on

12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

TERRITÓRIO, POLÍTICAS E GOVERNANÇA | TERRITORY, POLICIES AND GOVERNANCE

How to go about doing it?

12 março | march 2018 | Reitoria da Universidade Nova de Lisboa

