

# FOR A TERRITORIAL APPROACH TO REGIONAL DEVELOPMENT: THE IMPORTANCE OF THE COALITIONS TRIAD OF STAKEHOLDERS, ASSETS AND INSTITUTIONS<sup>1</sup>

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## Abstract

The following pages bring, in text format, two presentations made by the author at different scientific meetings: 1. during the double event IV Brazilian Symposium on Sustainable Territorial Development and IV Seminar of the Ibero-American Network of Studies on Territorial Development and Governance, held in 2022 and 2. before that, in 2021, the opening conference of the X International Seminar on Regional Development. In both situations, the evolution of ideas and theories about regional development is used to emphasize what is new with the emergence of the so-called territorial approach, at the turn of this century, and, in this approach, what is the relevance of operating with a triad

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of fundamental explanatory dimensions of these processes: coalitions of social actors, assets, or forms of capitals, and institutions. With other authors, we have suggested that a framework based on these three concepts can support analysis consistent with a territorial approach of development processes.

**Keywords:** Territorial approach of development; Social coalitions; Territorial assets; Institutions.

## ***Para uma abordagem territorial do desenvolvimento regional: a importância da tríade coalizões de atores sociais, ativos e instituições***

### **Resumo**

As páginas a seguir traduzem em texto duas apresentações feitas pelo autor em diferentes encontros científicos: durante o duplo evento IV Simpósio Brasileiro de Desenvolvimento Territorial Sustentável e IV Seminário da Rede Ibero-americana de Estudos sobre Desenvolvimento Territorial e Governança, realizado em 2022 e, antes disso, em 2021, a conferência de abertura do X Seminário Internacional sobre Desenvolvimento Regional. Em ambas as situações, aborda-se a evolução das ideias e teorias sobre o desenvolvimento regional para enfatizar o que há de novo com a emergência da chamada abordagem territorial, na virada para este século, e, nesta abordagem, qual é a relevância de se operar com uma tríade de dimensões explicativas fundamentais desses processos: coalizões de atores sociais, ativos ou capitais, e instituições. Junto com outros autores, temos sugerido que um quadro de análise apoiado nesses três conceitos pode sustentar uma abordagem coerente com um enfoque territorial dos processos de desenvolvimento.

**Palavras-chave:** Abordagem territorial do desenvolvimento; Coalizões sociais; Ativos territoriais; Instituições.

## Introduction

The starting point of what will be presented here is the acknowledgement that there is a certain correspondence between the challenges of specific historical contexts of the evolution of capitalism over the last hundred years, the responses to these challenges produced by development theories, and their translation into specific domains of theories dedicated to the different spatial dimensions of development - regional development, urban development, agrarian development. As in the image of the traditional Russian dolls, each one emerging from within a larger one, theories of territorial development processes can only be understood within the framework of development theories, and these, in turn, situated within the challenges of capitalism in each of its historical stages. In other words, approaches to regional development cannot be analyzed without understanding their links with the other two domains mentioned. Without this, there would be an unreal autonomization of processes of a territorial nature and, consequently, explanations of such phenomena would be flawed, incomplete, if not unrealistic or mistaken; without this, territories would be seen as autonomous scales, rather than as a synthesis category of multiscalar processes. Of course, there are spatial phenomena that can be dealt with without resorting to development theories. However, as the two papers that gave rise to this text were presented at events on regional development and territorial development, this justifies the approach adopted here.

Given this starting point, it is possible to schematically organize the trajectory of ideas on regional development in four stages - with all the risks and simplifications that any schematization implies - even considering that we may be living the prelude to a fifth stage. The focus of the first part of this presentation is to show what these stages are and what the content of each of them is. The next part justifies why theoretical approaches that rely on the triad "coalitions of social actors-actives-institutions" are especially useful for explaining phenomena related to the fourth of these stages, which corresponds to the turn to the 21st century, by explaining the theoretical bases that articulate these three concepts in a framework of analysis. In the third part, the question is raised as to how well the approach advocated here will serve to address the challenges posed by the possible new stage that is already emerging.

## **1. Evolution of ideas and theories on the spatial dimension of development**

Every periodization is somewhat arbitrary, since reality never corresponds exactly to schematic cuts. But this type of exercise serves to highlight emphases in each period, shifts in the passage from one moment to another. And in this way, they lend themselves to showing something about the movement of reality and of ideas to explain it. Let us be clear, therefore, that presenting the evolution of ideas on the spatial dimension of development in this way does not mean that the content of one era disappears in the next. On the contrary, the various approaches mentioned here coexist, as is well known, even today. What happens is that, at each moment, new explanations emerge and alter the overall picture with new answers and new challenges<sup>2</sup>.

### **1.1 Stage 1 - Central places, balance and location of private investment as a driver of dynamism**

A first stage comprises approaches that relied in some way on the idea of equilibrium or on the determinants of the location of factors of production and business activity. This type of explanation is consistent with the view that prevailed in economic thought until the period immediately following the great world wars, in the middle of the 20th century. Having its foundation best established in neoclassical theory, converted into the mainstream of economic thought, which was also based on the idea of long-term equilibrium, development processes were then understood as the result of the action of market forces, driven by atomized, rational and utility-maximizing agents, driven by the best rates of return per unit invested. In these terms, the convergence between private and social gains would be a mere consequence of the efficient allocation always sought innately by individuals and companies. This is why it is common to expect that, in the long run, there would be convergence in the performance of different regions and in the relationship between factor costs or that investments would be governed predominantly by the optimization of yields. This would be achieved by the efficiency of agglomeration economies or as a kind of spillover of investments and the location of economic activity from central places to their surroundings.

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2 For a more detailed presentation of these steps and their categories, see Galvanese (2021).

With some nuances, this is what is found in the classic works of authors such as Von Thunen (1966), Losch (1954), Christaller (1966) and Weber (1929). Places attract people and investments because they have a concentration of markets, infrastructure and other factors that act as attractors. But, from a certain point, there is an inversion and the concentration starts to generate the opposite effect, with saturation of infrastructures and increase in the cost of labor. Of course, at first there is a dynamic that explains the uneven direction of this spillover based on variables such as transportation costs and the like. In other words, investments relocate at that optimal point where distance is offset by the costs of accessing markets or using local factors available in a weaker condition than those that would be found in central locations. But in the very long term, even the less privileged locations could be engulfed by this dynamic of growing and continuous expansion in a convergent direction between regions, with successive dynamics of deconcentration, recomposition of new central locations that promote new spillovers. This does not imply the need to structure policies or actions to correct regional inequalities; it is not the State but the direction of private investment that shapes space.

## **1.2 Stage 2 - Inequalities and the importance of the State in correcting regional imbalances**

After the crisis of '29 and the great world wars, it was clear that, although logically one can think of the possibility of a convergence between regions in the very long term—it is worth remembering that this was an idea dear not only to liberals, but also, in a certain sense, to Marxist thought, with the concept of the declining trend of profit rates—the fact is that, until such an equilibrium is reached, we would all be dead, as the Keynesian maxim says. That is, the previous decades had shown the cyclical nature of capitalist development (which rivals the idea of equilibrium), the fact that it is marked by uncertainties (which undermines the assumption of the rationality of economic agents) and the enormous economic and social cost of each of the moments of crisis (which introduces the need not stick to the expectation of convergence in the long run, as a simple result of the free interaction between economic agents). The role of economic thought, according to most of the authors of development economics, a discipline that emerged at the time in the context of the need to rebuild Europe and face the threat of Soviet socialism, could only be the search for explanations and indications of how to avoid, or at least soften, new crises. Hayek, later

rescued in the neoliberal wave, is an exception in criticizing the action of the state in this. Keynes and Kalecky are part of the rule, showing how the state is necessary for the better functioning of the economy and in the search for full employment, avoiding or smoothing the inexorable tendency of crises.

This approach had its counterpart in the explanation of the regional question. Authors such as Myrdal (1955) and Hirschman (1969), again with nuances, explain how that supposed tendency towards convergence does not happen naturally; on the contrary, growth tends to reinforce imbalances, precisely because there are blockages for regions less favored in infrastructure and capacities of different kinds to become attractive to new ventures. In other words, in regions marked by poverty, weak local conditions, shortages of skilled labor, and fragile consumer markets would all discourage foreign investment or reduce competitiveness. For some of these authors, this could only be corrected through policies such as public investment or incentives that compensate for the disadvantages of these peripheral areas, and for this, government action would be crucial. The creation of dynamic poles that could constitute new centers with the capacity to radiate their benefits to the surroundings was well theorized by Perroux (1957).

It is important to mention, albeit in passing, that this approach has been echoed in Brazil and Latin America. An original thought was formed here, adapting this same type of reading to the specificity of these countries and their insertion in the international order. Celso Furtado (1959; 1961) and the ECLAC approach formulated a robust theory. From the point of view of external insertion and structural heterogeneity, in the Brazilian case it was a question of making the country less dependent on the export of primary goods. This would be possible through import substitution, to be achieved by leveraging a national industrial sector that would endogenize, over time, accumulation and, to some extent, technical progress. This would reduce dependence on imports of industrial goods, whose prices on the international market are rising, and would meet the need to purchase foreign goods financed mainly by exports of primary goods, whose prices have been falling for centuries. From an internal perspective, it was a question of tackling the regional issue that fractured northern Brazil from southern and southeastern Brazil. To do this, it would be necessary to deconcentrate industrial activity, *pari passu* with the strengthening of a domestic market, contributing to the endogenization of income and investment, thereby reducing dependence on foreign markets and favoring the strengthening of a working class supported by more and better jobs.

### **1.3 Stage 3 - Heterogeneity in a post-industrial world, the regions that win (and those that lose) and the fragmentation of explanatory approaches**

As is well known, the prescription advocated by Furtado was only partially applied in the previous stage as described above, thanks to the conservative reaction that materialized in the 1964 coup. Dynamic poles were created in the Northeast and North of Brazil, changing the economic landscape of those regions, but the basic reforms that would favor the irradiation of the beneficial effects to their surroundings were never carried out, attracting new companies, strengthening the consumer market and raising the level of remuneration of the workforce. The result is well known: partial industrialization, chaotic urbanization, a working class with low wages, weak deconcentration of economic activity and deepening territorial heterogeneity without overcoming the great inter- and intraregional fractures. Tania Bacelar, at the end of the 20th century, already spoke of the need to look at the "various Northeastern regions", created from the regional centers then consolidated.

In the case of the central countries of world capitalism, the policy cycle based on the ideology of the post-war period, at the height of industrial society, also cooled down. Among other factors, the crisis of the 1970s and the microelectronics revolution, unleashed at the same time, contributed to this. While capitalist accumulation previously depended on the increasing incorporation of workers and consumers into economic circuits, new production technologies have made it possible to produce more and more with fewer people. This means several things: less competition for the labor force and, therefore, lower relative wages; lower consumption power of the working class; disincentive to productive investments or their direction to goods to be acquired by the wealthiest sectors of society; among other aspects. More broadly, what was broken was the link between work and citizenship, which had marked what Robert Castel called the wage society.

The same logic applies to regions: it became possible to produce more and more without necessarily having to incorporate new regions into the dynamic circuits of capitalist production. In addition, states were constrained in their financing. It was from this period that studies and approaches began to multiply that sought to explain why certain regions escaped the crisis. This is the case of Bagnasco's (1977) seminal study on Italy, marking the rise of the association between the concepts of development and territory. The Italian sociologist tried to understand why the region that would come to be called Third Italy was the one that overcame the crisis and not the industrialized and competitive north, nor the

agrarian south with lower investment costs; his answer was precisely in the social fabric of the territories. Years later, Benko and Lipietz (1992) published another emblematic book, a collection whose title referred precisely to the “regions that win”.

Since then, the emphasis has shifted to the territorial dimension and is no longer on competitive markets or the state, not least because government policies do not generate the same results in different territories, suggesting that something at this local scale matters to understand their performance. The explanation of what matters in this social fabric has remained controversial, and competing approaches to this will differ precisely depending on their broader theoretical affiliation. That is, neo-Schumpeterian approaches will emphasize the factors associated with local innovation; neo-Marshallian approaches will highlight economies of scope; sociological approaches will emphasize elements such as cooperative ties and local identity converted into productive factors. Industrial districts, clusters, local productive systems, *millieux innovateurs* and other denominations will become recurrent, each of them privileged by the theories mentioned above. But in all of them there is a common aspect: the expectation that these forms of economic organization of territories would be accompanied by an improvement in the living conditions of the people who live there.

Another factor that cannot be ignored in understanding the rise of these new approaches concerns the very conceptions of the role of national states. In peripheral countries in particular, they were pressed by the need to restructure due to the debt crisis accumulated during the period marked by industrialization and modernization efforts. As a result, the prescription on how to design development policies changed, reducing the weight given to centralized state investments. The emergence of territorial approaches and new determinants of accumulation in both the center and the periphery of world capitalism are therefore in line.

This entry onto the scene of territorial rhetoric thus marked a rupture, but also promoted a continuity. The break: the need to look at territorial factors and technical progress. The continuity: the centrality of economic growth in determining development. However, it is important to note that this is no longer just any economic growth, since the growth generated through standardized, large-scale production, typical of industrial capitalism, does not generate synergies with the territorial factors that matter, as these new theories have shown. In the new theories, growth should be based on the social and economic fabric of the territory and strengthen it, rather than simplifying or even sterilizing it as in the case

of commodity production. Nevertheless, these are economic approaches based on the idea of economic growth.

#### **1.4 Stage 4 - Beyond economic performance, the focus on inequalities and the dispute between new approaches to development and the refusal of development**

What we refer to here as the fourth stage could also be understood as a variant of the previous stage. We prefer to distinguish between the two because the defining feature of the approaches mentioned below is precisely the attempt to place inequalities at the center of explanations, shifting the emphasis that had hitherto been concentrated on economic growth as the key variable. It is true that attention to inequalities has also been a distinguishing feature between neoclassical approaches, in which this does not occupy a prominent explanatory place, and heterodox approaches to development, for which special attention is needed to this aspect, which is constitutive of capitalist dynamics. The difference we wish to highlight in the emergence of this fourth stage, described in the following lines, lies in the fact that it is now a question of addressing inequalities in the plural and not only economic inequality as a structuring factor for other forms of inequality; and also in the idea that economic inequality may not even be the most important in shaping development processes.

These new approaches to development have as their main exponent the Indian economist Amartya Sen, awarded the Nobel Prize in Economics in 1998. But his work goes back much further than that. He first became famous for his studies on hunger, showing how its occurrence was not explained by insufficient production but by restrictions and inequalities in access. From then on, he formulates a theory that reconnects Ethics and Economics, title, by the way, of one of his most important books (SEN, 1999). Criticizing the dominant economic thought that would have transformed this science into a mathematized form of knowledge and far from its noblest objective, to favor human well-being, Sen (1998) then coined the simplest and most beautiful definition of development, which he defines as the process and condition for people to do what they understand to be the best for themselves. This is when the definition of development as freedom, the title of another of his best-known books, and a theory to explain it emerged: the capability approach.

Underneath this simplicity of the definition of Development as freedom, there are, however, several innovations and as many theoretical challenges. Topically one could

mention the following: (i) for Sen, inequality is more important than growth, because it is inequality that prevents individuals from benefiting from growth and can ultimately be an obstacle to growth itself—thus inverting the relationship between growth and inequality that had prevailed until then in development economics, both in the liberal orthodoxy and, to a good extent at least, in the developmentalist heterodoxy (with the exception that there is a controversy regarding the treatment of these themes in the Cepaline tradition and in Furtado, for example, but which will not be taken up here due to the limitations of this text); (ii) the issue is not only to promote baseline equality, as egalitarians claim with the idea of minimum requirements or poverty lines, but rather the gap between the poorest and the sectors with the most opportunities, because that is where access is limited, not the minimum floors; (iii) among inequalities, income may not be the most important—a set of skills is important, such as knowing how to read and interpret the world, escaping early morbidity, taking part in the decisions of their society—this positions the debate far beyond the guarantee of minimum income as advocated with the so-called poverty lines and with the policies to overcome them; (iv) the problem is not just to say what is the list of inequalities that need to be fought, because often the expansion of opportunities in one domain can mean restrictions in another—for example, with scarce resources, should one prioritize job creation or expansion of public services?; should one favor opportunities that generate monetary income because in contemporary society this is a fundamental good, or should one restrict the monetization of social relations? (v) two consequences derive from this, the first, in ethical terms, how to consider the diversity of human beings and what each considers most important for their achievements, since the most important inequalities for some may not correspond to those considered most significant for others; the second, in terms of public policies and in the context of scarce resources, how to choose what to prioritize among different orders of inequalities and, therefore, of human freedoms.

As can be seen, this approach is quite convergent with others that have become more common recently, such as the rhetoric of the good life or so-called decolonial thinking. However, Sen's formulation has an advantage in that it seems to be more complex in drawing attention to important distinctions, including the need to guarantee a set of substantive and fundamental freedoms to all individuals, but at the same time the realization that there are conflicts between different orders of freedom. In short, it is something less normative and allows us to understand contradictions within each unit in question. For example, it should not be forgotten that in many communities considered to be cohesive and supported by

relatively harmonious forms of relationship with nature, often praised by approaches that claim the title of epistemologies of the South, there are often serious gender or generational asymmetries, or that there are many material deprivations that also restrict freedoms.

Other authors of development economics, always with nuances, will also increasingly address the issue of inequalities as something central to the understanding of the various forms of development in contemporary capitalism: Piketty (2014, 2019), Acemoglu & Robinson (2012), North, Wallis and Weingast (2009), Stiglitz (2012). But how are these new approaches to development translated into territorial studies? Here the answer is not encouraging—there is not yet a generation of research as luminous as previous ones applying these new approaches to spatial phenomena. There are exceptions, such as the middle-range theory formulated by Berdegué et al. (2015) and collaborators to explain territorial dynamics in Rural Latin America. Or the studies by Bebbington (2012) to explain territorial conflict situations in Andean countries and how they push multi-actor learning trajectories. But much can still be done and, therefore, the next section is dedicated precisely to showing how and why this type of approach can be useful to the field of territorial studies.

## **2. The “coalitions of stakeholders, assets, institutions” triad and its validity**

There are at least two criticisms that can be addressed to Amartya Sen's development as freedom approach. First, the political dimension merely underlies all of his analysis. Power asymmetry is seen as a form of inequality. Second, and as if by extension to the previous one, there is no strong approach in his work on how societies change, on how one can move from a society with limited degrees of freedom to a less unequal society. This is not enough, however, as many do, to throw out everything he says about the tensions between inequalities, the ways of acting on them and individual and social choices. The risk would be to fall into the other extreme: a hyper-politicizing view of the subject, according to which everything would be explained by the variable “power”. There is a problem there too, after all: how do those who do not have power come to have it? That is, when someone says that inequality “is a question of power”, the explanation cannot stop there; it would have to start precisely there: how then to change social orders based on the concentration of power? It is clear that other variables need to be interposed to explain how less favored groups could disarm the blockages that place them in this disadvantageous asymmetric position, breaking the logic of reproduction of domination.

Institutionalist thinking does not back down from this kind of questioning. However, there is also some resistance among intellectuals in the critical field to institutionalist approaches on the grounds that they "do not criticize capitalism", which is only half true. They are right that the horizon of those approaches is not the overcoming of capitalism, but they exaggerate brutally by not seeing there the existence of a solid critique of contemporary societies. It would also be necessary to take into account that there is a diversity of approaches within the broad field of institutionalist thought in economics, political science and sociology, something that cannot be scrutinized within the limits of this text. What can be said is that the most decisive contribution of some strands of historical institutionalism and of political institutionalism, in particular, lies in the assertion that the rules of the game (institutions, in short), under capitalist social orders, always end up benefiting more or less parts of society; they can deepen or diminish inequalities. Anyone who agrees that this (the diminution of inequalities) is a pertinent question would also have to agree that such approaches have their validity. Those who think, on the other hand, that this kind of problem can only be better addressed in a post-capitalist society, will not see any validity in institutionalist approaches; but will be limited to waiting for the end of capitalism to happen so that space can then be made for transformations. And when will that come? It is by imagining that, even knowing the limits of capitalism, we must seek to reduce inequalities today, and not in the future, that we propose to present how this type of approach helps to understand the possibilities and obstacles to territories finding a way to reduce inequalities. First, however, it is important to explain the definition of territory we are working with.

Territory is something understood here as a synthesis category, less than a concept, therefore, an operational definition whose advantage lies precisely in allowing to speak of a set of domains that, in this order of spatial nature, are condensed, concretized. What is more, it is a definition that allows us to address a set of interdependencies between these domains. Which domains and which interdependencies are we talking about? Interdependencies between social systems and natural systems, because the sciences are divided precisely between those that focus on one or other of these dimensions of reality, and they need to be reconnected; interdependencies between endogenous and exogenous, local and extra-local multi-scalar processes, because the predominant approaches focus on one or other of these scales; the articulations between different aspects of social life and economic and political life that make up a territory—also because there is a division of labor between different disciplines to account for each of these classes of phenomena and it is necessary

to overcome these dichotomies, while respecting the specificity of such dimensions of the same phenomenon, in a balance that is not easy to achieve in analytical terms.

If this is an operational definition, a theory is missing to explain the association between this definition of territory and development processes. Without theory, there is no scientific explanation of a problem. The mention of the word "interdependencies" in the paragraph above is not gratuitous. By using it, we are positioning ourselves in a dialogue with the field of so-called systemic or complexity approaches, which are characterized precisely by the attempt to understand the interactions between parts and how they result in something that is greater than their pure and simple sum, by juxtaposition. That is, a phenomenon is not recognized only by the attributes of its components, but also by what is substantive and qualitative in the interdependent interactions between them.

However, if the unity that results from the interaction between the parts is greater than the simple sum of them, what gives them unity? This may vary in each configuration, but one answer lies in the forms of domination and in the disputes over the resources that constitute this spatial unit. Someone will say: here we are back to the centrality of the power variable. But it is good to remember, like Weber, that forms of domination always involve power, as is often emphasized, but not only power—there are ideas, values, strategies and other aspects that count on sustaining these structures and sometimes legitimizing power. In other words, the dynamics of territorial development cannot be explained without analyzing power asymmetries, but only the observation of the behavior of the power variable is insufficient to explain this phenomenon and, in it, the possibilities and constraints of change.

What is the significance of this definition? It seeks to position the analysis by giving territory a substantive place; it draws attention to the relevance of territorial features as explanatory elements. The analyst does not always realize this, but in certain current approaches, such as some of those that are sheltered under such fashionable denominations as "territories of capital" or "territories of financialization", most of the time—not always, of course, as there are honorable exceptions—territories are seen as mere receptacles, repositories, spaces for the manifestation of more general tendencies or forces (capital, financialization), which ultimately determine their contours. These are approaches that, despite using the word territory, turn out to be "territorially blind", an expression we have often used to draw attention to the need to go beyond "territorial rhetoric" and undertake a true "territorial analysis" (FAVARETO et al., 2015; FAVARETO; LOTTA, 2022). The active role

of territorial structures must therefore be restored if a territorial approach is to be worthy of the name. This is not incompatible with readings of financialization or the strategies of large capitalist groups. But in order to do justice to an approach that is not territorially blind, it is necessary to mobilize variables that allow us to explain why financialization or capitalism take on different contours in each territory. The answer lies in understanding how these endogenous variables combine with exogenous variables.

And why can an articulation between institutionalist approaches and relational sociology help in this endeavor, as we claim here? Firstly, it must be said that there is no theoretical exclusivism in this. Other theoretical frameworks could also help to substantively address territories. This combination of institutionalism and relational sociology is one among many. It is not simple to explain it. One way to do this is to resort to the image of "building blocks", fundamental components that structure a framework of analysis. In the following paragraphs, I give a schematic presentation of how we have dealt with this in some research.

## **2.1 Component 1: a definition of territory**

It has already been said above that territory here is considered a synthesis category, an operational definition whose validity lies in drawing attention to the unity of three sets, composed of parts, in general, analyzed separately by disciplines of the humanities and biological sciences. These are: the social systems and natural systems on which they depend; the flows and processes endogenous and exogenous to that given geographical unit; and the economic, social, political and symbolic aspects that underpin the forms of domination and control over those same flows, processes, and resources of a territory.

## **2.2 Component 2: political and economic institutions function as the rules of the game that set the parameters for interactions between actors in a territory, shaping its contours.**

What the works of renowned authors such as Douglass North (notably in his last books) or Daron Acemoglu (especially in his book written with J. Robinson) state to explain inequality between countries can also be valid in the context of more circumscribed geographical units such as what we are calling here territories-regions. Institutions are

not the same as organizations. Institutions are rules of the game, formal and informal, that stabilize and make possible the interaction between agents with different values and interests. Without shared rules, there is no social interaction, no society. The problem is that these rules always work in a way that entrenches, at least usually, unequal social orders, asymmetrical relations, unequal realities. They have this power precisely because the rules distribute resources unequally and this unequal distribution is used by the most powerful to maintain or update these same rules, which allows them to reproduce their dominant social position.

Another relevant issue is that not everyone reacts in the same way to a set of rules, which brings us to relational sociology: rules interact with values, capacities, and forms of conduct of specific groups. It is for such reasons that none of this is done without friction and that is where the possibility of change opens up, although it is rare, difficult, as we all know. That inertial tendency is called path dependence in the literature—once an order is established, it is very difficult to substantively change its terms. But the possibility of managing resources in such a way as to alter that inertia always exists, even though (almost) everything plays against it—in institutionalist thinking and relational sociology, orders reproduce themselves, but there is always room for agency, in the form of adapting the rule or confronting and denying the rule.

### **2.3 Component 3: institutions do not simply appear from thin air, they are always sustained by coalitions of social forces.**

Here, “coalitions” is the key word. What this strand of institutionalist thought states is that, in complex societies, it is very difficult for a single social force to have enough power to sustain a given order of things. If we take the case of Brazil as an example, we have that the rural caucus is the largest in the National Congress, but this segment alone, even with all the power it has, needs to amalgamate its interests with other actors, from the financial sector or others, to together sustain an agenda that combines interests and social forces. At the other extreme, this is why ideas that suggest that it is possible only to “govern with the people” or other simplistic slogans sound naive. At the level of the territories-region, the same thing happens: if there is no reasonable combination of interests, there will always be instability and other social forces can take back the reins of the rules of the game, seeking to alter in their favor the distribution of gains and access to the goods and services necessary to participate in social and economic life.

In this same logic, what our authors show is that there is a direct correlation between the extent of a coalition and the inclusive or exclusionary character of institutions. That is, inclusive political and economic institutions are always sustained by broader and more plural coalitions of social forces, whereas extractive and exclusionary institutions are generally the result of narrower coalitions that sustain their power by extracting gains from dominated groups, but which are therefore always under contestation and threats of instability.

#### **2.4 Component 4: to have power in a coalition, actors need to mobilize assets, trump cards, capitals**

This is another point where the institutionalist approach meets relational sociology. The formation of coalitions involves several aspects: they are a combination of interests to be served, but they also involve the mobilization of resources to sustain the institutions that can serve them; even more, they also involve strategies that allow the construction of a field of interactions between different actors, shaping ideas and ways of expressing them (narratives, projects, agendas, programs) that allow combining these interests and differences in a coherent equation that makes sense and can be shared.

There is, therefore, something material and something symbolic here, something from the field of interests and ideas and beliefs about who is worth joining with or what is worth claiming and fighting for, about what is considered viable, fair, legitimate. Bourdieusian sociology will resort to the idea of capital and habitus for this: capital as economic, social, political, cultural, symbolic assets; habitus as dispositions to act in a certain way, as a repertoire of actions (FAVARETO; MARTINS, 2022). The economic history of North, Wallis and Weingast (2009) will mobilize the idea of beliefs and interests as the basis for coalitions. What matters, for the purposes of this exposition, is that resources and ideas matter in shaping coalitions.

#### **2.5 Component 5: Territory is, then, both the state and the movement of the contradictions that involve this triad formed by coalitions of actors, the assets they mobilize, and the institutions that are generated from there, stabilizing (or changing) the relations between those actors and that distribution of assets**

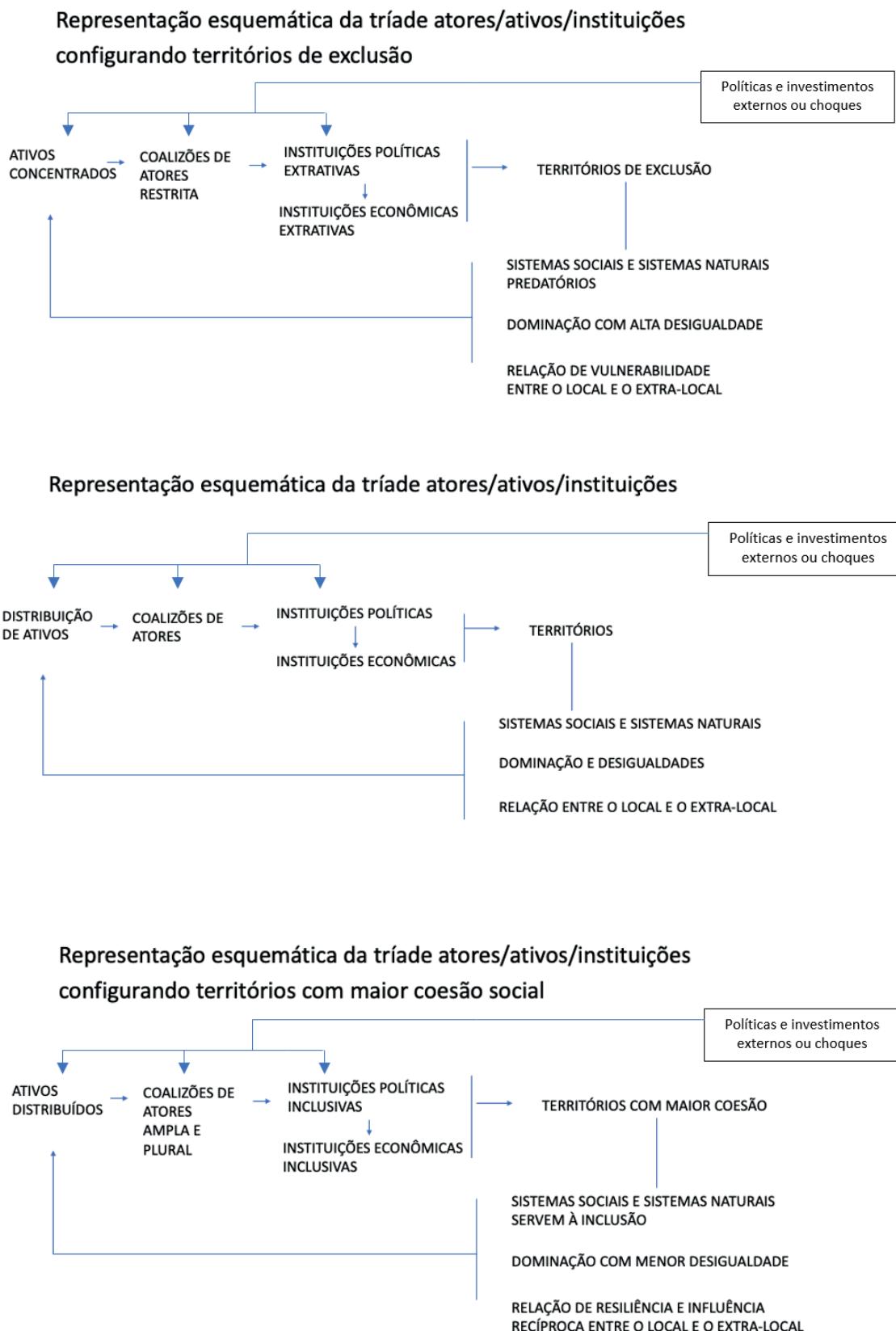
We must remember that resources and ideas are always unequally distributed, closing that vicious circle (if inequality is high) or virtuous (if inequality is low), in whose contradictory and conflicting movement the history of territories, regions, countries is made.

The following graphical representations illustrate the functioning of these five components. They can be read from left to right and then inversely, with the result of the interactions resulting in a new starting point of the potential circularities. It is always good to reiterate, as we have done in the course of the previous pages, that this circularity is not immutable, on the contrary; there is always friction, contradiction, conflict and the institutions, coalitions and distribution of assets are permanently remaking themselves, reinventing themselves, with a tendency, but never as a fatality, to maintain the hierarchy between actors. Borrowing a definition from physics, it is a dynamic equilibrium, never a static one.

## **2.6 Component 6: Public policies and other factors exogenous to a territory may alter some of these cycle conditions, but may also simply reinforce them**

Public policies produced and implemented at other scales (as well as other factors such as external crises or the arrival of large investment flows) have an impact on these territorial factors and can redistribute assets (education policies, income guarantees, land distribution) and affect the interactions described from outside; but they can also maintain unequal distribution (as tax policy and privileges for certain economic sectors usually do). Moreover, the impact of external policies and investments will always be filtered, absorbed and redirected by the social fabric of the territory, in a process that I have called in other texts "territorial percolation". In other words, as important as an investment made in a territory is the way it receives and eventually filters or redirects this new flow, changing or maintaining the previous order; there are territories that are more refractory or more exposed to these external forces, it all depends on their territorial fabric, as we have said.

Figure 1 - Schematic representation of the actors/actives/institutions triad at different junctures



Source: The author (2023).

If there is a tendency to reproduce social orders, we know that, where can change come from? This is a theme that receives a lot of attention in the institutionalist studies tradition. The central idea is that certain “critical junctures” can create fissures and disrupt the dynamic stability of a system, such as territories, as shown by authors such as Acemoglu & Robinson (2012) or Mahoney & Thelen (2010).

These critical junctures can arise from at least three sources:

- 1. Exogenous shocks** – This is the most frequent source of change, precisely because it is imposed from outside a territorial system, whatever its scale: it may be a cataclysm, an economic crisis or other. For example, when Brazil, in the 1930s, after four centuries, created new rules (institutions) aimed at accelerating the transition to an urban and industrial economic model that would reduce the weight of the agrarian export sector, this was largely due to a disruption caused by the great international crisis that blocked or at least limited the possibilities for the old agrarian elites to make a profit on the international market. It became necessary to create conditions to realize part of their gains domestically. To this end, dominant sectors aligned with interests consistent with the urban and industrial world that was then being formed created these new rules. However, this also required changing the coalition of social forces that would benefit from and, therefore, also sustain these new rules: the old agrarian elites lost a little, urban workers gained, rural workers remained where they were, part of the elites converted into urban-industrial segments commanded an arrangement that would last until the military coup of 1964, when a new rearrangement of the coalition and the agenda took place.
- 2. Incremental change** – It may also be that there is not exactly an exogenous shock, but rather a change derived from a long accumulation of conditions by dominated actors until, at a certain point, they are able to impose themselves and force their way into the game. An example used by our authors involves the black population of the United States. For a long time, two institutions coexisted: the Constitution that provided for equality among citizens and informal rules that restricted the access of black people to public places and services, such as universities in some states. It took many decades for this discriminated and marginalized population to accumulate economic power and titles, occupying positions in the markets, in the courts and in other posts, so that they could call a

halt to the existence of institutionalized discrimination, as happened at the turn of the 1960s to the 1970s. Of course, racial inequality still exists in the US, but today's situation cannot be compared to the mid-1900s, when black people had to give up their bus seats to white people in certain places, or could be arrested for doing so, or when some universities refused to accept black students.

**3. Conflicts between institutions** – The above example also serves to illustrate the third source, marked by conflict between institutions. One example is the legalization of divorce. When this happened, in the last quarter of the last century, the number of couples separating and forming new families was already large enough to force an adaptation of the law: that is, it was no longer possible to coexist a formal institution that prevented the dissolution and recomposition of marriages and an informal one, according to which this had become common practice.

Just as important as underlining that there are sources of change that can lead to altered reality is highlighting that the direction of these changes is not always positive. The aforementioned 1964 military coup in Brazil is one such case: in it there is a rearrangement of the coalition in possession of the state and, in it, the working class is displaced to make way for a reconduction of the agrarian elites to a prominent position in the dominant bloc. Several other examples could be listed. The point is that the fissures and possibilities of change will always be the subject of dispute between social forces, which will need to renew or redo alliances in the form of coalitions.

And finally, one question still needs to be addressed: why is it so difficult to build broad and plural coalitions, if it is these that allow for the creation of inclusive institutions? The answer may be: because it is very difficult to define and agree on who loses, so that others can win. This means that there is a logical impossibility, in the long run, in the idea that a coalition can be broad enough for everyone to win. The thought-provoking character of the way institutionalist thinking poses the problem of broad or narrow coalitions in their relation to inclusive or extractive institutions lies precisely in the fact that there is permanent tension and friction in this equation.

In a schematic way, four statements reflect this conflicting dynamic.

- a. Narrow coalitions are always subject to challenges to their legitimacy because they block the majority of society from accessing the most valued assets. These societies therefore tend to be violent and authoritarian, because only

then can rules that produce inequalities be sustained. This tends to undermine lasting economic growth (because there is weakness in domestic markets or contestation in the face of inequality generated by growth based on wealth realized in foreign markets), blocks the sharing of social gains (reinforcing the negative aspects mentioned) and results in economic and political instability (which makes institutions less efficient in converging the behavior of agents, generating crises).

- b. Broad coalitions always involve tensions around distributive conflicts over access to the most valued assets. The actors in a coalition are never content: there is always a struggle for better positions in a field, as Bourdieu teaches. And to achieve more, it will be necessary to dislodge dominated fractions from among the fractions that make up a dominant coalition or negotiate new alliances with those outside this dominant coalition. In short, it is necessary to rearrange forces and distribution of gains and this also always creates possibilities for change, whether progressive or conservative, since no actor reacts passively to the loss of space.
- c. Elites always play a key role, as they concentrate key assets to sustain institutions and arm coalitions. Here is a painful realization: change processes always involve intra-elite disputes. This is not enough, as elites need buy-in from other, more numerous actors in a society. But it is in combining the interests of dominated fractions of the dominant elites with other dominated actors that the resources necessary for change can be amalgamated. And it is good to remember that elites do not always mean only economic elites in contemporary societies.
- d. For all these reasons, it is always necessary to think about who are the social forces that can direct and sustain change. This implies thinking in terms of fractions and fissures in classes or social groups—the dominated fractions of the dominant; the dominant fractions of the dominated—and in their (re) compositions; something much more complex than the dynamics given by the large social classes (the working class or the capitalist class), which in the current stage of international capitalism obviously continue to exist and explain many processes, but prove to be too heterogeneous to explain everyday behaviors. It is therefore essential to take account of combinations of interests, if we are clear about what we have tried to say so far: change can hardly be driven by a single

actor, or by a group of very similar actors with similar resources, whether among the dominant or the dominated.

The advantages of this type of approach are several: the dimension related to power and conflicts are present, but without resulting in a hyper-politicized view of the subject; there is an attempt to integrate, under an articulated body of concepts, the various dimensions that make up a territory; there is a way to look at the articulations between flows and external investments, public or private, and the social fabric of the territories. In short, it is a way of conceptualizing and articulating in a causal and comprehensive explanation the elements that allow the territory to be approached actively, and not merely as a scenario, scale or repository of trends.

### **3. In conclusion: A new frontier? Epistemological and political questions**

The approach presented here also has its limits and it is essential to recognize them, both to have a conscious use regarding what it allows and also what deserves attention and care in its application, but also to be able, on these points, to advance more, producing innovations or even formulating new analytical frameworks that allow to overcome what is proposed.

One of these limits is the still insufficient treatment of the environmental variable. It is present in the framework of analysis presented, but this entry is tenuous—the natural system of a territory is seen here as a support for the social system and on it the effects of economic life. More would be needed than that. Nature also plays an active role and functions interdependently with social systems. The French anthropologist Philippe Descola (2005), Bruno Latour (2020) and a whole literature on socio-ecological systems (BIGGS et al., 2022) have shown the need to look at these interdependencies. The integration of this approach into the framework of analysis presented is something to be improved; many current research efforts are concentrated here.

In the introduction to this presentation, four stages in the history of ideas on regional development were mentioned and the possibility that we are entering a fifth. In the fourth stage, presented two sections ago, the main mark was the submission of the idea of economic growth to the importance of looking at inequalities. The possible hallmark of this emerging fifth stage is the need to combine the treatment of inequalities with a treatment of the environmental dimension that is coherent and consistent with the status that the theme currently has in a context brutally marked by global climate change.

This kind of integrated treatment of relatively distinct phenomena is not simple. It is not enough to “talk about the environmental dimension”, nor to claim the need to “conserve nature” or to “harmonize the relationship between society and nature”. This is not just a normative imperative, but an analytical challenge. The positive integration of this dimension into analyses involving social processes brings an immense theoretical challenge. It is enough to remember that the modern sciences were constituted precisely from an isolation of each of these dimensions in specific scientific branches, with their own object and method.

Although not exactly recent, systemic and complexity approaches have been mobilized in contemporary studies for this purpose (VEIGA, 2023). They could, in fact, allow this type of integration, but it is still too early to say whether this type of effort will result in something up to the challenge posed. Good examples of this are the studies produced within the framework of the Stockholm Resilience Center (ROCKSTROM, 2021), the efforts of an international network of researchers dedicated to the theme of resilience (BOUSQUET et al., 2019) or the work of Elinor Ostrom (2009). In another text, I intend to present a review of these efforts, which have so far proved promising, but also have many limits.

In this new stage, there are therefore two sets of challenges which, whether or not they are met successfully, may determine the future of territorial studies and, in them, of regional studies: one set is given by questions of an epistemological nature and the other by questions of a political nature. In presenting them, we close this presentation.

On epistemological issues:

- If territory is a synthesis of multiple dimensions and scales, how can we operate with this set of domains in a way that avoids only ex post explanations? **There is value, and more than that, there is a need to combine a diversity of theories, as the available bodies of theory refer to some of these domains in isolation. What combinations in coherent frameworks of analysis can allow going beyond what the triad “coalitions of social actors, assets or forms of capital, institutions” outlined here can already explain?** Among these dimensions are domains whose substantive differences have generated distinct scientific fields to explain them—nature, society—**is a unified approach possible?**
- **If territories can be analyzed as adaptive** (because the interaction between these parts always takes place in an adaptive movement to internal and external

contexts and constraints), **complex** (because the result is greater than the sum of the parts and with a result that is always open, never linear) **systems** (because they involve several interdependent dimensions), **then are systemic and complexity approaches a new frontier for territorial studies?** How to avoid the risk of trivialization that tends to exist when many things are called systems, but without this substantive treatment of the properties of systems (multidimensionality, adaptability, complexity) and without mobilizing systemic and complexity theories?

On policy issues:

- This image of territories that theory reveals or invites us to consider also says a lot about the limits of what has been done as policies for territories. In the case of territorial development policies, several texts have already been published with assessments and evaluation summaries. I will mention just two of them here: one in which I collaborate with Julio Berdegué, and another headed by Mireya Perafán in which I also contribute together with other colleagues. Beyond what is said there about the limits and successes of a generation of policies experienced in the first decade and a half of this century, it can be said that some of the main problems are: i) **an appreciation of the idea of territory, but without engendering projects of a truly territorial nature** (most of the time sectoral projects are promoted on a territorial scale, which is quite different); ii) **there is a discourse that emphasizes multisectoral aspects, but policies in general have enormous difficulty in promoting intersectoral coordination;** and iii) **territorial development has been, in practice, taken as synonymous with local development, without projects and investments being harmonized with a broader development strategy**—this is particularly important because, in a country like Brazil, it is fundamental to correct inter-territorial asymmetries and correct directions in economic priorities that produce more and more spatial inequalities.
- In the case of regional development policies, there are also additional challenges to what has been said above, including: (i) the idea of large regions no longer makes sense, since, as Tania Bacelar showed three decades ago, there is a set of **new spatial units at the sub-regional level, but there is no governance arrangement that allows overcoming the limits of the**

**federative pact in dealing with this scale; (ii) there are new narratives of regional development, such as the one expressed in the National Policy elaborated in the first decade of this century, but it does not occupy a prominent place in the country's development narrative and project, remaining as an appendix, a residual intention in the list of national priorities; (iii) despite a certain discursive innovation, the social forces mobilized in regional development efforts continue to be the traditional ones**, sometimes betting on the beaten path of exporting primary goods, sometimes with the hope of an industrialism already emptied of inclusive potential—there is no due attention to new activities and new actors consistent with the idea of a development attuned to the challenges of the 21st century, quintessentially sustainable and inclusive.

It is true that this set of epistemological and political challenges is not simple, but facing them will determine whether the territorial approach to regional development can deliver, in terms of knowledge and practices, what it promised at its inception or whether it will remain only a discursive innovation.

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