Territories as Actors
by Pierre Calame

Excerpts from "L'Essai sur l'oeconomie", Editions Charles-Léopold Mayer 2009. Translated from French by Michael C. Behrent.

"Territories as Actors": could this term mean anything, or is it simply a manner of speaking? It obviously refers to the increasing role played by local and regional authorities, the largest of which have become important players on the international stage. But can one really speak of a territory as an "actor"? And what *is* an actor?

First of all, we must stop thinking that only institutions can be actors, since this leads us to think of an actor as having an "inside" and an "outside", and to place invariably unity "inside" and disunity "outside. We have already seen how poorly the idea of the nation as "one and indivisible," standing up against a foreign and barbarian world, reflects contemporary society.[1] The same can be said for institutions. In both cases the "inside world" is full of tension and its members linked to the "outside world" by numerous bounds of solidarity and affinity networks. This is also true of businesses. A company has a juridical status that makes it a stable over time; it has financial and social capital; records of its internal and external transactions; a board of directors; a technical structure and decision procedures; and employees endowed with human and intangible capital. All management techniques are more or less aimed at strengthening the company's cohesiveness and getting employees to participate in the achievement of a common goal. But does this make it totally homogeneous and united? This is far from certain. We have even seen that the legitimacy of company leadership—shareholders and management—is often challenged, both by "insiders" and "outsiders". Is every company capable of lasting over the long term, of defining a vision for the future and a strategy embraced by all its employees? Of course not.

If one defines "actor" as a group of people who can, at a particular moment, pool their creativity, skills, know-how, and financial resources; who can commit their short-term actions to a long-term goal; who can take on the opportunities and hold tight when adversity strikes, who can anticipate and adapt to change, then an actor is not necessarily an institution—and all institutions are not necessarily actors.

[1] "Barbarians" in Greek means "those who stammer," in other words, those whose language is not understood because they do not belong to the Greek world.

I personally worked for many years to promote the international activities of the Alliance for a Responsible, Plural, and United World. I witnessed first-hand the cultural obstacles to understanding how such a network works. As a result, I began using the term “collective living beings” to describe these types of organizations—networks, alliances, coalitions, forums, or virtual communities—which are part of a world and yet which are not, legally speaking, “institutions.” I realized at that moment that we must stop identifying actors as institutions and define exactly what an actor is.

An important consequence of these thoughts is that one is not born an actor, one becomes one. A territory—i.e., a totality of human relationships—is not necessarily an actor as such; yet if a will is there, it has the capacity to become one.

In *L'État au coeur*,[2] the book I wrote with André Talmant on reforming the state, we explained the three stages of building a relationship between government bureaucracy and society: understanding; dialogue; and planning. These three stages are just as useful for describing, in general terms, how organizations become actors.

“Understanding” refers to a collective effort to share information and acquire knowledge of ourselves and the world around us. Business consultants have developed methods for systematically diagnosing efforts aimed at reaching collective understanding, the most famous of which is SWOT (Strengths, Weaknesses, Opportunities, and Threats). Local authorities often speak of a “shared diagnosis” to refer to collective efforts to share an understanding of the world. Applied to a society, this is the same idea that is found in the inscription on the Delphic temple's forecourt: *gnothi seauton,* “know thyself,” be aware of yourself and your limits. “Know who you are”: build systems of information, measurement, and analysis that make this knowledge available. This is the first stage.

The second stage—dialogue—reminds us of an essential prerequisite to creating a sense of shared destiny. Without it, there could be no actors. It is through dialogue that “islands of trust” are formed, that transactions turn into lasting relationships. Dialogue and trust are necessary prerequisites for cooperation. This is central to the dialectic of unity and diversity, an essential component of the art of governance.[3]

[2] Pierre Calame, *L'État au coeur*.

[3] André Lévesque, the founder of the André Lévesque Fondation André Levesque for the Furture of Relationships calls this a “creative relationship.” See notably André Lévesque, *Partenaires multiples, projet commun*, L'Harmattan, 1993.

The third stage in the development of an actor is planning. Let me recall at this point what I said (when discussing strategies of change) about building a shared vision. When actors are not institutions, planning refers to a process whereby people and organizations that are not bound by hierarchical relationships are mobilized on the basis of shared perspectives. No one is in a position to tell others what to do. An actor's planning is more strategic than bureaucratic: in an unpredictable world, each participant must be able to seize opportunities that might help to achieve the common goal. A plan is lasting, while individual initiatives are diverse, independent, and spread out over time. As the French sociologist Pierre Veltz writes: "The ability to plan and the existence of well-defined frameworks for collective action are the essential ingredients for development without a fixed model: hence the importance of institutions and public policy."[4] Similarly, the economist Christian de Boissieu explaines that energy transition will only take place if public policies are highly predictable over the long term.[5] An actor cannot exist without planning and resolve, which together form the backbone of collective action. These elements have the same purpose as that which Pierre Massé, a former director of French economic planning unit, once attributed to five-year plans: minimizing uncertainty for all actors.[6]

Now that the territory-as-actor has been defined, we must understand why it is destined in upcoming decades to become one of oeconomy's two major pillars. To begin with, let's consider the concept and specifications of "territorial oeconomy." They derive from oeconomy's general specifications, which stipulate that oeconomy seeks "to create actors, institutional arrangements, and rules." By institutional arrangements, I mean "actors and the system of relationships between them." When discussing the principles of governance, I stated as my fourth principle the "requirement that actors and institutional arrangements be competent and efficient." An essential element of governance is the art of devising arrangements and processes that "naturally" achieve the goals they have been assigned.[7]

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[4] Pierre Veltz and Michel Savy, eds., *Économie globale et réinvention du local*, Éd. de l'Aube, 1995.
[5] Christian de Boissieu, "Conclusions du groupe de travail sur le facteur K," Conseil d'analyse économique, www.industrie-gouv.fr/energie/facteurk.htm.
[6] Pierre Massé, *Le Plan ou l'anti-hasard*, Hermann, 1991.
[7] Pierre Calame, *La démocratie en miettes* ("L'ingénierie institutionnelle : la conception des institutions et de leur fonctionnement").

Oeconomy's goals are no different than those of governance, to wit: social cohesion; personal development and growth; peace and security; balance and long-term sustainability between human society and the environment. Oeconomy's specifications simply spell them out: "to guarantee for humanity as much well-being as possible, by constantly seeking to preserve and enrich the biosphere, by preserving the interests, rights, and abilities of future generations, in conditions of responsibility and equity to which all can adhere." These terms will serve us in defining "territorial oeconomy" and sketching out its institutional arrangements.

Though our domestic sphere, particularly our activities of production and exchange and our use of natural resources, has become global, this does not mean that individuals should be reduced to the role of producers and consumers of goods and services provided by globalized companies. As it is, the current situation is complex and contradictory. As far as products are concerned, brand-names play an essential role. They serve to guarantee quality, in a way that is meant to make clients faithful, trusting, and identifiable. Companies protect their brand-names carefully; listening to our leaders, you would think that counterfeiting is among the most serious economic crimes imaginable. At the same time, however, the idea that products should indicate where they were made is seen as a non-tariff barrier or proof of nostalgic attachment to the local. Yet it is central if we want to make the production and exchange tangible and reinforce the bond between man and nature.

In pleading for a major recognition of the role territories play in the oeconomy, I am not saying that we can "hide" from globalization, nor am I calling for a return to the age of self-sufficient local economies. The "re-localization of the economy," as it is often called (and whose advantages I will explain later), should not be seen as a return to the past, but rather as a rediscovery, in the age of globalization, of the importance of territories.

To understand this idea, we must consider things through a different lens. Too often we think of a territory as a physical geographical area (i.e., a surface indicated on a map by dotted lines) or as an administrative or political structure (the ones who draw the dotted lines). Consequently, the governance of a territory is conflated with the actions of these structures. Instead, we must consider a territory as a nexus situated in a network of relationships[8] extending across the world: relationships between people, societies, and between humans and their environment. These relationships are, however, in crisis. Growing recognition of their importance makes the "re-localization" of our thinking necessary. In 1997, an international workgroup met in Jonquère (Quebec) to think about the management of territories. The resulting "Jonquère Declaration"[9] emphasized that a territories can and must serve as a basis for a radically new conception of development. It will balance the vertical approach of value chains with a horizontal one. Rather than replacing one with the other, our goal should be to define two principles: that of territories, which strengthen relationships within society, between societies, and with the biosphere; and that of value chains, which organize the production process.

To establish the specifications of territorial oeconomy one step at a time, I will consider in turn each of oeconomy's main elements. This approach will be somewhat laborious. I ask the reader's forgiveness, as I was unable to find a more suitable approach to exploring these issues.

3. Territorial Oeconomy and the Mobilization of Capital

Territory is relevant, in the first place, for the mobilization of four kinds of capital. *Material capital* is mixed. It includes both public and private capital. In both cases, it is territorialized: private capital consists of buildings and machines, while public capital consists of roads and transportation infrastructure, the housing stock, and everything that used to be called (in times when Marxism was fashionable) "the conditions for reproducing the forces of production."

Human capital is the totality of individual skills, knowledge, and experience. It is not especially mobile. Mobilizing human capital is fairly easy for simple economic units requiring only unskilled labor. It becomes, however, a major determinant for efficiency as soon as a knowledge-based economy begins to develop. This capital is created, preserved, and developed at the level of territories. A major challenge faced by territory-actors is to consider their human resources as a whole, showing as much concern for

[8] See the edited volume, *Territoires, penser localement pour agir globalement*, Cahier de proposition de l'Alliance pour un monde responsable, pluriel et solidaire, Éd. Charles Léopold Mayer, 2005. It can be downloaded for free from www.eclm.fr.
[9] Ina Ranson, ed., *Repenser les territoires : construire des perspectives communes.*

them as they show companies. These first two kinds of capital do not require extensive discussion. I will, however, dwell a little longer on the last two.

Some *intangible capital*, such as software, has no physical basis; but some is much more localized. It consists of the arts of organization and governance, of networks of trust, and of habits of cooperation between different kinds of actors. It is the fruit of lengthy learning processes that have become cultural traits. Nothing expresses the collective and determining character of these learning processes better than the fact that, half-way around the world, a group of people will, like a swarm of bees, reproduce the organizing principles of the community from which it hails. One of the finest examples I know concerns the Germans living in the Soviet Union, whom Stalin, out of suspicion, deported to Central Asia. Some were literally dumped onto new territories, simply because that is where their transport happened to break down. In places like Kyrgyzstan, they built German villages as perfectly as a sunflower seed produces a sunflower when it falls off a trailer. Cultural, intangible capital includes elements that are national, which is why economic rivalry between nations does not involve a "race to the bottom" in terms of salaries, but rather a competition between different systems of organization. But it also includes many local characteristics.

Competition between territories is also a competition between types of organizations and abilities to cooperate. In a study from 1987, I emphasized the importance of a territory's particularities, observing, for instance, that while industrial cities that had developed in the nineteenth century often found themselves in crisis, older commercial towns, which had stagnated for decades, were being reborn, since the abilities and types of organization required by a modern economy were closer to those of commercial towns than to those of industrial cities.[10]

Over the past twenty years, increasing attention has been given to emerging systemic effects of cooperation. This was the case in Emilia-Romagna and other Italian industrial districts. Adriana Luciano, a professor of labor sociology at the University of Turin, notes in 2006: "The success of small companies in Italy between 1970 and 1980 is known throughout the world. Their success was based on a dense network of social relations between entrepreneurs, workers, local associations, political parties, and

[10] Loïc Bouvard, Pierre Calame, *Le dialogue des entreprises et du territoire.*

religious organizations. It allowed different actors to work collectively and to be able to count on great flexibility in the production process, increasing capacities of innovation, modest labor costs, and major capacities for penetrating international markets."[11] One should not have a romantic vision of the origins of these Italian districts, which hosted mostly small companies. The labor force was not very qualified, companies were not very structured, and they were later the victims of outsourcing. But the very fragility of each company calls attention to the "systemic effects" of their cooperation. This is what allowed them to get a foothold on the international market, while their isolated peers could at best only survive in local markets.

The example of the Italian districts contributed to a renewed interest in economic geography and "economic clusters."[12] Michael Porter points out: "If the former consideration of consolidating economic activities has become less important with economic globalization, other considerations have on the contrary played an increasing role in international competition, in a complex and dynamic economy largely founded on knowledge. Clusters represent a new way of conceptualizing national and local economies and entail new roles for companies, public authorities, and other institutions which promote competitiveness." In France, clusters have become, through the promotion of "poles of competitiveness," the key concept of the DIACT (the Inter-ministerial Delegation for the Development and Competitiveness of Territories). Way back in 1994, Pierre Veltz published a small book with an evocative title: *Territories for Learning and Innovation*, which shows that fostering relationships and solidarity between actors is now more decisive than the location of infrastructure and equipment.[13]

This discussion contains a lesson that is very important for what follows: in the institutional arrangements of the future, a system of structured relationships can play a decisive role *without* being formalized or transformed into new institutions. Networks of trust, an ability to work together, bonds of solidarity that are sturdier than juridical bonds, the pooling of experience, learning that occurs over the long term—all of these factors belong to the domain of relationships (as we called it earlier) rather than transactions. At

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[11] Adriana Luciano, "Italie : la culture de l'innovation, un enjeu politique," in *Pour* 192, December 2006. See www.grep.fr.

[12] See, for instance, Michael Porter, "Locations, Cluster and Company Strategy", in *The Oxford Handbook of Economic Geography*, Oxford University Press, 2000.

[13] Pierre Veltz, *Des territoires pour apprendre et innover*, Éd. de l'Aube, 1994.

the individual level, they are often described as "social" or "cultural capital." They are essential to a society's resilience, to its ability to spring back from a crisis. Statistical tools often have a difficult time detecting these characteristics, precisely because they are informal and qualitative. Such intangible capital explains the decisive role played by diasporas in economic development: the Chinese diaspora in Southeast Asia, the Lebanese diaspora in Africa and Latin America, and so on.

Let us turn now to the fourth category of capital, *natural capital*. Even if it can only be defined at a global level—as with the climate, the halieutic capacity of oceans, and biodiversity—this natural capital remains for the most part localized: witness soil fertility, water quality, the potential for renewable or fossil energies, biomasses, and raw mineral materials.

For millennia, societies have maintained natural capital, using natural resources without killing "the hen that lays golden eggs." Those who failed to respect this rule, as the Roman Empire, perished. Hence the beauty of the definition (mentioned above) that Carl Linnaeus gave of oeconomy as early as the eighteenth century: "the art of preparing natural things for our use, the art of making use of all of Nature's goods." Making *use* and not making *profit:* all the difference between wisdom and madness (to borrow from the Gospel's parable of wise and mad virgins) lies in this distinction. The idea of making the best possible use of the ecosystem, while preserving its potential, is central to oeconomy's specifications and offers us a roadmap to the oeconomy of territories.

An agricultural property managed in a competent and sustainable manner, which makes use of its natural resources in a way that is genuinely beneficial to people, while also guaranteeing that at the end of each annual cycle the property's potential are not only preserved but also enhanced, is a fitting metaphor for territorial oeconomy.[14] A territory is an ecosystem. Like oeconomy, it is not closed in on itself. It constantly interacts with the outside world: it interacts with the atmosphere both by producing oxygen, carbonic gasses, and nitrogen and by throwing out many more or less degradable molecules; it interacts with the earth's substratum, particularly through soil transformation; its water resources participate in the planet's water cycle; it circulates the genes of plants and

[14] See www.labergerie-villarceaux.net.

animals; it participates in the migration of insects and birds, etc. In these respects, it gives us an implicit mental image of the oeconomy.

If we can speak of a local ecosystem, it is because we can describe this ecosystem's "skin"—the virtual "membrane" through which interactions with the outside must pass. Moreover, the interactions within this "membrane" are particularly intense and complex compared to those on the outside. Consequently, we might speak of a "territorial metabolism" as the metabolism of matter, energy, and information. For better or worse, human activity participates in local ecosystems and is so important that one cannot understand an ecosystem independently of it: ecosystems do not exist apart from man's presence, even in the deepest reaches of Siberia or the Amazonian rainforest.

Consequently, the question of whether human involvement in ecosystems and the new metabolisms resulting from it are sustainable or contribute to a regular increase in entropy (despite the permanent contributions of solar energy) is a life-or-death question for our societies. And yet our current economic system condemns us to be ignorant of these territorial metabolisms. The idea that everything has a monetary equivalent and the gradual disappearance, between the sixteenth- and the nineteenth-centuries, of the ideal of managing local natural capital as a "good father" (because we have been so certain, ever since the "age of discovery," that American gold and silver would increase the money supply, that vegetal and mineral resources from across the world would feed our populations and our factories, and that fossil energies like gas and oil would be provided in unlimited quantities) have literally blinded us to our own metabolism at both a planetary and a local level.

An anecdote from the early 1990s illustrates this point well. As late as this period, the Ile-de-France region (the city of Paris and all the surroundings)—one of the richest and most sophisticated "territories" in the world—did not even know what energy flows were entering and leaving it! So how could one hope to understand its territorial metabolism? Two thousand years ago, even the most remote Chinese village had an infinitely superior understanding of its metabolism than a modern metropolis—precisely because its survival depended on it.

Such ignorance is the consequence of two intimately related factors. First, no one felt the need to comprehend the local natural capital and the exchange flows that constitute the territorial metabolism. Furthermore, the institutional arrangements simply ignore the management of the region's natural capital and the sustainable functioning of its territorial metabolism. Yet as I have shown, a permanent system of measurement cannot exist unless an institution has a daily need for it. Our image of society is in many ways a patchwork of the information that institutions produce, which itself is a by-product of the inherent needs of institutional arrangements. Suren Erkman has shown this very effectively in relation to companies and industrial ecology. Companies know a great deal about their operations or inventory (for example), as long as these factors impact its bottom line and its profits; but they are almost entirely ignorant of the flows of matter passing through them, if these are not included in its system of accounting.

Consequently, institutional arrangements must be conceived in such a way that they have the need—an inherent need—for understanding this metabolism. The most basic need is that of accountability: institutional arrangements must be required to keep track of the state of the four categories of capital at the beginning and end of each annual cycle. This will oblige them (as we already saw for the planetary level) to analyze these different kinds of capital and to agree on a way of describing their condition. In 1974 Lester Brown founded the World Watch Institute, which publishes each year a report on the state of the planet. Through the publication of its annual report, *The State of the World,* the institute has developed a global standard, tracing the overall evolution of the planet. In the 2008 edition, *The State of the World* emphasized the increasing awareness among CEOs of environmental risks, but also of the technical possibilities of guaranteeing the traceability of consumption and emissions at every stage of the production process.[15]

Translated from French by Michael C. Behrent

[15] See Daniel C. Esty's editorial at www.worldwatch.org.