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“Territorial capital and the resilience of European regions”

Starting in 2007-08, an economic crisis with no comparable precedent after WWII has affected most of the World, and Europe in particular. Yet, despite of the pervasiveness of the crisis, it has affected differently different EU countries, with some countries losing a very large number of jobs, and others being able to maintain employment. At the same time, for some countries the burden on public finances due to increasing interest rates has become un-tractable, while others have been able to maintain public finances under control, also thanks to a lower starting debt. The macroeconomic country-level effects are very important, but and also within countries the impact on the various regions has been far from uniform, with some regions, often the most urban, able to resist the crisis better than others. Among the many factors which can have influenced the differential impact of the crisis in Europe, this paper looks at the regional endowment of structural territorial assets, those which have been labelled as “territorial capital” (OECD, 2001). Territorial capital comprehends all those assets, being material or immaterial, public or private, which represent the development potential of places, such as Private fixed capital stock, Human capital, Social capital, infrastructure, but also assets with more mixed materiality and rivalry, such as Proprietary networks, Cooperation networks, Agglomeration and district economies, Relational capital (Camagni, 2008). Territorial capital enhances regional growth in ordinary times, and, being structural, can be expected to also act as a factor of resilience in times of crisis, due to the fact that the crisis can erode it but only slowly. To demonstrate this hypothesis, in the paper, a database of territorial capital indicators for all regions of the European Union at Nuts3 level is exploited, and a typology of regions based on the quantity and quality of territorial capital is built. U regions are clustered in groups in which the endowment of territorial capital is similar, evidencing different traits across the continent even within countries. It appears that regions belonging to different clusters, i.e. being differently endowed with territorial capital, have had different degrees of resilience, with some being able to maintain their income levels better than their country and others losing ground also relatively. The structure of regions is hence an important determinant of how they can afford periods of distress.