

ECONOMIES OF IDENTITY: STATE OF THE ART

Inês Gusman | ines.gusman@gmail.com

During a long period of time, physical boundaries and distance were determinant characteristics to shape the interactions between communities. As a result, the geographic space of the world became a diverse mosaic of different political, social and economic systems. In this sense, territory, beyond its geographical dimension, is a social and cultural construct with identity references and associated practices, synthesized through its history and memory, and fundamental for its inhabitants. With the arrival of globalisation, physical and temporal distances are smaller than ever and communication and mobility are important characteristics of the actual spatial interactions. People, capital, goods and services are extremely fluid and the interactions between different parts of the world are simplified through better transport and communication infrastructure. For this reason, human societies are constantly exposed to similar external influences which may result in the loss of cultural diversity. In response to this trend, decision-makers and practitioners struggle to differentiate territories in order to build or to maintain territories' own place and reputation in a global competition. Therefore, in the current globalized world, identities play an important role in the development of territories as they provide a differentiating economic value (identities add value to a territory's goods and services), and reinforce social cohesion (responding to the need for people's place attachment and the agglutination of territorial agents).

The main goal of this paper is to advance the theoretical basis for the understanding of what are the identities of territories and how they are materialized nowadays. It aims also to explore the relationship between territorial identities and economic value, upon which different economic and geographical concepts relies. With this approach, the present paper tries to map contributions that have been made during the last decades about the relationship between territorial specific attributes and economic development. This paper aims also to contribute to the development of the theorization of the concept "economies of identity" and how it can be applied across territories.

I. THE IMPORTANCE OF THE TERRITORY

Within the larger history of global capitalism, economic and political relations between countries were always marked by the competition for resources, workforce and capital. However, over the last decades, the transnational flows of capital, labour and technology have been intensified by new infrastructures, and globalization has promoted a world where places and societies are increasingly interconnected. The growing intensity of the flows between different parts of the world appears to be creating new economic and social relations that are becoming increasingly disembodied from territories, mainly due to the following three tendencies. First, some authors claimed that globalization was a process of deterritorialisation (Ohmae, 1995) which was causing the end of geography (O'Brien, 1992) and territory (Badie, 1995). Second, the prevailing forms of large-scale fordist industrial

development based on mass production and consumption until the 1970's (Scott, 1997) led authors like Relph (1976) lamenting the 'placelessness' of the world system – defined as “the casual eradication of distinctive places and the making of standardized landscapes that results from an insensitivity to the significance of place” (Relph 1976, Preface). Third, the post-1970's wave of globalization put the role of nation-states in question because it has caused an erosion of their sovereignty (Vertova, 2009). In this sense, the contemporary world seems to be a place with no borders and with homogeneous consumption patterns satisfied by global products where nation-states' power and identity are no longer important.

Despite all forecasts pointing that the territory was no more a significant component in the organization of economic, social and cultural activities, globalization seemed to emphasise the continuing significance of territorial diversity and difference (Amin & Thrift, 1999). On one hand, the interconnected structure of spatial relations and the internationalization of the world economy has contributed to an uneven development between territories (Agnew, 2000) which has resulted in a growing international, inter-regional and inter-urban competition (Pike et al. 2006). On the other hand, during the last decades we have seen the rising importance of both sub- and supra-national forms of territorial organization, so globalisation has led to reterritorialization (Amin & Thrift, 1994; Brenner, 1999). Also, the increased intertwining of territories with global forces has resulted in a structure where places are engaged in a process of intense territorial competition (Harvey, 2006). This has led to the idea that local and regional scales have now a new role as they allow the differentiation of territories, thus leading to a renewed importance of the geographical embedding of the economy (Vertova, 2009). After the 1970s, we have observed some economies shifting away from Fordist mass production into new flexible industries, leading to the emergence of increasingly differentiated forms of production and consumption (Scott, 1997). As a result, in modern capitalist western economies, territorial attributes are being used as a positive response to globalisation and mass market. Cities, regions and countries try to achieve a competitive advantage drawing their economy upon local assets (Thrift & Olds, 1996) to obtain and maintain visibility and a good reputation in the globalized world.

In spite of the importance that territories still have, the traditional borders that bound them are constantly challenged, and spatial distinctions are hard to maintain and produce (Paasi, 2011). History, culture, heritage and collective memory are being mobilized to promote strong regional identities (Borges, 2017). According to Bauman (2011), the past, through cultural heritage, is a growth sector in which culture has surrendered to market forces and is used to stimulate consumption. The reasons for this are as follows: first, regions and their identities are considered important mediums to achieve economic competitiveness (Paasi, 2011); second, within international competition the search for historical roots is related with a search for more secure mooring and longer lasting values in a shifting world (Harvey, 1990); and finally, the sense of belonging to a community (Raagmaa, 2002) as well as territorial identification are fundamental aims that people seek (Pollice, 2003). As a result, territorial competition projects based on territorial identity have become strategies of regions to attract people, investment and institutions (Terlouw, 2009). Mainly since the 1990's, the promotion of territories has been increasingly adopted on both local and regional scales to achieve economic dynamism (Cleave et al., 2016). Regional identity has been recognised as a

very important element in the making of regions as social/political spaces, although knowing what is this identity and how it affects collective action and politics is a very difficult process (Keating, 1998a; 1998b; 2001). ‘This is why identities are so important, and ultimately, so powerful in this ever changing power structure – because they build interests, values and projects, around experience, and refuse to dissolve by establishing specific connections between nature, history, geography and culture’ (Castells 1997, p. 360).

II. TERRITORIAL IDENTITIES

Spatial identities have always played an important role in politics and in the organization of societies, and despite the decline in the localised nature of social and economic networks the proximity is still at the basis of many spatial identifications (Terlouw, 2009, 2017). This is also supported by Graham (2000: 95) who wrote that “despite the apparent post-modern fragmentation of identity, discourses of belonging constructed around place remains important”. Although, the impact of globalization in the production and consumption of places is having profound implications for understanding identity, and spatial identities are no longer regarded as fixed facts which can be objectively identified. According with Paasi (2003), territorial identities are more than ever conceptualised as social constructs as they are constantly being reproduced and transformed by stakeholders with different intentions. Although territorial identity discourses arise historically, once they are accumulated through time, they are reproduced and influenced by institutions such as governmental and planning bodies, educational institutions, media, and also by the cultural and creative industries (Tomaney, 2007). That is why territorial identities are related with ‘how we see ourselves’, whereas the opposite image is described as ‘how others see us’ (Kavaratzis and Hatch, 2013)

Territorial identity represents one form of collective identity and is common to suggest it is oriented towards the perceived past. The past is pointed for many authors as being an important aspect of identity construction once it permeates the present providing meaning(s) and also play a strong role in the assembly of collective memory (Graham, 2002). But to understand what territorial identities are we need to understand that they combine different elements, not only related with the past of territories but also with the present and the perceived future. Also, territorial identities are now shaped not only by internal characteristics, but also due to the interconnection of the world that makes them exposed to external influences too. Related with this argument, the geographer Terlouw (2009, 2012) claims that new forms of identity are emerging, and therefore he has proposed a distinction between thick and thin identities. According to the author, thick identities of territories are based on mutual culture and stable community values with strong historical roots, and thin identities are fluid and created around certain characteristics, mostly economic, and are more future-oriented.

If the identities of the territories are contested and adaptive to changing circumstances, and shaped by different stockholders and events, gaps between the conception of identity of populations and administrations frequently arise. It is necessary to develop strategies to bridge these identity gaps and create a coherent communication of the territory and its identity. The cultural and economic use of identity is only effective when the communication of the image of a territory is linked to recognisable tangible or intangible

elements of that place or space (Kavaratzis & Ashworth, 2005). Because of these, and because territorial identities are not fixed in time and space, it is very important to develop tools to find consensus among the collective narratives about 'our territory' and how we and our territory are understood to differ from others.

III. THE ECONOMIC VALUE OF IDENTITY

We are assisting to an emerging symbiosis between place, economy and culture in powerful new forms expressed in place-specific process and products configurations that enhance the competitive advantages of territories and generate monopoly powers of place. The more specific cultural identities and economic order are, the more they come to enjoy these monopoly powers that enhance their competitive advantages (Scott, 1997). For this reason, numerous scholars from different areas of knowledge and policy-makers are dealing with the consequences of globalization through notions such as cultural economy and cultural capital, experience economy, competitive identity and place branding, among others. This tendency is also highly related with the rising of the importance of culture, leisure, events and tourism in territorial development (Jeannerat, 2013; Lorentzen, 2009).

The notion of cultural economy is based on the idea of an existing correlation between cultural and economic development. According to Ray (1998), cultural economy is the attempt to (re)valorise territories through its cultural identity in the face of increasing globalization and economic integration. Culture has become a crucial resource in the post-industrial economy, and this is reflected in the use of cultural heritage in the development strategies. This vision was also adopted by economists such as David Throsby who argued that culture should be incorporated into standard economic models as a form of capital, in addition to the physical, financial, human and natural capital (Throsby, 2001). This author has claimed that cultural capital exists in two forms, tangible and intangible: "Tangible cultural capital occurs in the form of artworks and artefacts such as paintings and sculptures, and heritage buildings, locations and sites. Intangible cultural capital comprises artworks that exist in their pure form as public goods, such as music and literature, and the stock of inherited traditions, values, beliefs and so on that constitute the culture of a group, whether the group is defined in national, regional, religious, political, ethnic or other terms." (Throsby, 2001). Furthermore, both tangible and intangible forms of cultural capital exist as a capital stock held by a territory that can be assigned an asset value in both economic and cultural terms at a given point in time. As any other type of asset, cultural capital may deteriorate over time, necessitating investment in its maintenance or refurbishment.

Recently, some authors supported the idea that territory is as a resource for product innovation and can be understood as the reference to particular places in experiential products and artefacts (Guez and Crevoisier, 2015) and they provide products the quality of authenticity and this enhance the value of products (Gilmore and Pine, 2007). This is slightly related with the concept of experience economy, developed by Pine and Gilmore (1999). Consumers seek unique experiences beyond merely consuming goods and services because the consistent high level of product and service quality can no longer be used to differentiate choices for consumers. The experience economy puts the emphasis on consumer engagement in economic value creation. The value of experiences relies on the fact that memorable events have the capacity of engaging each individual in an inherently personal way.

Pasquinelli (2013:2) states that places need to construct their own competitive advantage in order to position themselves in a global “market of geographies”, an open territorial competition space where places, regions and nations need to compete. The authors Hauge and Power (2013) discuss about the geographies of quality and differentiation as something important for the construction of competitive advantages of both firms and territories. Consumers develop some mental correlations between place and quality, such German engineering and Japanese electronics, and these can be both real and imagined, but they have a profound effect on outcomes and performance of these socio-institutional spaces. Some academics call this the country of origin effect (Anholt, 2007). Based on this kind of ideas, place-branding emerges as a territorial competitive tool with benefits to the economic or social development. Different techniques have been used by policy-makers to attract attention and recognition, and to raise associations between the place and attributes (Kavaratzis and Ashworth, 2005). Territorial identity has become, according to Paasi (2013), an important matter in regional marketing and in the strengthening of regional competitiveness. Also, Scott (2017) referred that “The idiosyncrasies that demarcate the place-specific origins of particular products represent a type of product differentiation that allows firms to contest markets on the basis of quality and reputation as well as price.”

The concept of Competitive identity developed by Anholt (2007) also offers a perspective that combines place-branding management, public policy and communication. This is a concept used “to describe the synthesis of brand management with public diplomacy and with trade, investment, tourism and export promotion” (Anholt,2007) which is not only materialized in economic and financial advantages (by increased revenues from tourism, foreign investments and the export of products), but also in imagological, cultural, psychological sense (in time, the respective territory will acquire various associations – positive ones – in the collective mind, both domestically and abroad) etc.

IV. HOW CAN WE CAPTURE THE IDENTITY OF PLACES?

The assertion of territorial identities as an important phenomenon for societies and their economies in the face of globalization is evident, although is a concept that still remains ill-defined for the purposes of analysis and measurement (Tomaney & Ward, 2000). For these reason, the work of Anssi Paasi’s (1986, 1996) about the institutionalisation of regions can be useful to understand the processes through which territorial identities are established and reproduced. In Paasi’s model, four shapes in regional identity formation are identified:

(1) Territorial shape: The existence of boundaries of some kind as a basis for social classification is the fundamental requirement for the emergence of any territorial identity;

(2) Symbolic shape: The system of symbols consists of a mosaic of qualities featuring the name of the region, the local language (dialect), the landmarks and the infrastructure; symbols by their nature, like a flag and can also be material, such as buildings or monuments, or personalities, such as politicians, writers, philosophers, and media persons;

(3) Institutional shape: Comprises the formal organizations and the established practices such as self-governments, media, schools, museums, information centres, development agencies;

(4) Functional shape: The internal and external recognition or identification.

Despite being contested by many scholars, including Paasi himself (Semian, 2016) this framework remains to be a very useful tool to deconstruct a region, both theoretically and methodologically, when conducting research. Also, the distinction made by Terlouw (2009) between the old traditional thick identities, with strong historic roots, and the new thin regional identities, which are more network-based, fluid and future oriented, could be very useful for the analysis of the formation and use of identities by administrations.

Based on this idea of the constructive nature territorial identities is possible to identify numerous research works applied to case studies using methods such as: content analyses of policy documents, planning and promotional material, academic journal articles, etc., that allows the reconstruction of the existing dominant identity discourses and which elements (material and immaterial) are associated (Clifton, 2011; Simon, Huigen, & Groote, 2010; Terlouw, 2016); and also interviews (both in-depth and focus groups) aiming to understand how stockholders see their territory and evaluated certain elements used in the narratives of territories (Borges, 2017; Stubbs and Warnaby, 2015; Terlouw, 2016). Other methods such as observing local and regional government meetings or the analysis of local or regional newspapers and literature are used in these studies related with identities (Semian *et al.*, 2014).

CONCLUSION:

The theoretical basis for the understanding the economies of identity

Akerlof and Kraton (2010) in their book “Identity Economics” stated that agents who share a common cultural identity benefit from a positive group externality when they engage in actions deemed appropriate by their culture. So the economy of identity is a way of defining a collective reality based on having or not distinctive properties and relevant attributes. The identity acquisition/creation process occurs based on joining specific attributes and adopting particular behavioural patterns associated with a socially structured identity. To a certain extent, economies of identity are the cause of and decisive for behaviours, demands of consumption goods and services. Although globalisation have played an important role in unifying standards and consumer patterns, nowadays it is creating on economic agents the demand of what is distinctive, unique, making a product or service authentic of that territory (Roca and Serrano, n.d.). Territories and their unique elements like culture, history, landscapes are an important source of preferences and value.

The intense competition between territories has led to the rise of the struggle for uniqueness, recognition and differentiation. For this reason, the concept of “economy of identity” is rising (Vela & Xifra, 2015). Beside the value that territories could ascribe to products, they also function as a valuable stage engaging various producers, intermediaries and consumers as well as different goods and activities in supporting a social performance (Stark, 2011). As suggested in the concepts presented in this paper, building economies based on those elements that are rooted in space plays a key role in the economic and political future of territories due to its economic and cultural values. Based on this approach, it is important to understand how regions, nations and states can be able to turn their own identity as a result of different factors and circumstances into an added value of certain

economic domains (e.g. tourism, cultural and creative industries, gastronomy, handcraft, etc.), and how these economies of identity can be used as a key tool to differentiate among the other territories. So, if territorial identity is a relevant matter regarding social and economic articulation, to create economies of identity is necessary to define what are the attributes and distinctive proprieties of territories with which communities and stakeholders identify with.

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