

En détail
SYNTHÈSE

Industrial territories : creating links between their economics, "social capital" and heritage

November 2018

The industrial sector, which accounted 12.5% of national employment in 2014, is present across France in all types of territories, from the most urban to the least densely populated. Welcoming industries within a territory necessarily guides the nature of local economic development. However, it also influences the organisation of space, the urban forms, the landscapes, the socioeconomic characteristics of the inhabitants and the visitors (consumers, workers, tourists, etc.), and special ties to other territories at various levels (supply, subcontracting, outlets, etc.). With so many changes (connectivity, automation, robotisation and artificial intelligence) currently sweeping through the industrial sector, it is the right time to take another look at industrial territories creating links between their economics, “social capital” and heritage.

Industry: from land use policies to innovation

Industrialisation and economic development commissions, conversion centres, local production systems, competitive clusters, business clusters, rural excellence poles, site contracts and even defence site revitalisation contracts... Starting in the 1960s, successive State-driven land use mechanisms were introduced to support the development or redevelopment of industries in France. The end of the 2000s was a turning point, with the sub-prime crisis starting in 2008 and the Eurozone debt crisis starting in 2010. During these crises, France saw a number of factories closing and relocating abroad. The consequences were immediate and observable across the territories concerned, not only for families affected by redundancies but also for trade and, more broadly, for the wider economic fabric (subcontractors, carriers, suppliers, etc.). These closures received major media and political attention. Several research studies have since demonstrated that the decline in industrial employment in France is less a result of offshoring and more a result of a combination of factors: lack of cooperation within fields, labour cost competition, increase in industrial labour productivity and evolution of domestic demand, outsourcing of tertiary activities, and industrial specialisation choices. Following the crises and under the influence of European policies based on the works of such economists as Paul Krugman, Philip Cooke, Björn Asheim and Dominique Foray, the industrial sector became one of the subjects of innovation policies using knowledge as a factor of production to the same degree as capital and labour. Innovation should enable upgrading of products and emergence of new activities to mitigate the impact of international competition from low-cost countries. France adopted this approach by launching the “Grand Loan” and the Investment for the Future Programme, which included a focus on industrial fields, in late 2008, the Pact for Growth, Competitiveness and Employment, in 2012, French Tech in 2013, and French Fab in 2017, the specific purpose of which was to bring businesses of all sizes together around the common values of the future industrial sector.

Changing relationships between industries and territories

Besides the evolution of industrial policies, many changes affect relations between industries and territories.

- digital transition, which can benefit all territories but also creates polarisation;
- industry 4.0 (1), considered an opportunity for territories to relocate activities and revitalise industrial craftsmanship, providing small companies with greater viability;
- the rise of citizen participation, expressed by consumers' desire to contribute towards definition of products and shortening of production chains with development of "fab labs";
- environmental issues, which are imposed on decision-makers, due to production constraints and the drafting of standards they may bring about, and to the technological and industrial renewal they entail, as illustrated by industrial ecology.

Such changes encourage us to take a second look at the past and anticipate the future whilst considering the impact of industry on territories as a whole, i.e. from an economic, social and environmental point of view. By taking a fresh look at industrial territories, we should hope to provide a link between their economic function, their social capital (i.e. the network of players subscribing to collective rationales), and their tangible heritage (i.e. the physical traces left behind by industrial activity). Interaction between these three aspects explains the upturn of many industrial territories that have directed their longstanding knowhow towards niche markets or luxury niches and/or set up cooperative relationships with actors in the same field. Examples of this include eyewear in Jura, watchmaking in the former region of Franche-Comté, perfume and cosmetics in Eure-et-Loir, and boating and shipbuilding on the Atlantic and Mediterranean coasts.

"Social capital" and heritage to promote

Industrial territories' "social capital" resides in their human resources, production of knowledge and knowhow, actors' ability to combine them and the territories ability to foster a climate of trust and collaborative dynamics. Businesses' performance, their ability to develop and to bounce back, is largely dependent on resources provided by territories. Symmetrically, it is territories' ability to produce "specific resources" (2) capable of solving unforeseen production problems that makes them attractive to companies (3). Hence, intangible resources related to actors' proximity at territorial level are a real asset. Although they originate from non-market social relations, such specific resources possessed by territories contribute to their economic performance (4). Ultimately, territories increase their attractiveness vis-à-vis industries and their resilience vis-à-vis shocks. A territory's social capital provides confidence and security and enables innovation and continuous readaptation of initial advantages to overall economic standards, which is an essential condition for sustainability.

In many territories, industry was the central point around which trade, services, transport, housing, etc. developed. This resulted in unique urban forms and landscapes, as well as special ties to other territories at different levels (supply, sub-contracting, etc.). Therefore, if industry declines, the territory becomes unorganised, not only economically but also from a societal, urban and landscape point of view. Brownfields are the most striking concrete results of deindustrialisation. Numerous heritage preservation strategies were implemented on brownfields, in the Emscher Valley in Germany for example, and in the mining area in the former Nord-Pas-de-Calais region. Apart from the debates on their results in terms of job and value creation, such heritage protection strategies risk creating a break with the past – identical to the risk caused by demolitions in City Policy Priority Districts – which is symbolically traumatising for inhabitants. Industrial territories are also often characterised by deteriorated natural environments, with, for example, risks of landslides and soil, air and water pollution. Such deteriorations in territories that mainly accommodate blue-collar working populations are often indicative of environmental health inequalities or internalisation and trivialisation of toxicities (5). Amongst these deteriorations, soil pollution remains an environmental issue that is still seldom studied and rarely put on the agenda, particularly due to its ‘invisibility’.

Towards corporate territorial responsibility

This overall approach to industrial territories, and more generally, to the relationship between industries and territories, leads naturally to a (re)examination of public action, and a transition from policies based on “what the territory can and should do to promote business location and development” (6) to “what businesses can and should do to promote territorial development”.

Corporate Social Responsibility (CSR), first promoted in 2001 by the European Union and supported by France through a succession of texts (7), has introduced a new orientation in this direction by encouraging businesses to voluntarily include social and environmental concerns in their commercial activities and in the relations with their internal (managers, employees and shareholders) and external (suppliers, subcontractors, inhabitants/consumers, public authorities) stakeholders (8). Paradoxically, whilst businesses and territories, and their reciprocal development, are closely connected, the territorial approach to CSR is less explicit. A business may develop a robust CSR policy without any link to its territory. These observations encourage development of the notion of Corporate Territorial Responsibility (CTR), which may be defined as businesses’ voluntary inclusion of territorial concerns going beyond a social and environmental approach to its activity, in a win-win relationship between the business and the territory in which it is located or in which it carries out its activity. It leads to reflection on the positive or negative impacts that a company’s activity has on the territory, and on the complementarities between companies and territories. It considers each business as an actor within its territory.

CTR is becoming a growing concern for heads of companies, who have now come to understand that their economic activity is no longer judged only in terms of economy or even of simple technical and scientific performance, and that the requirements of sustainable development also apply to them. It has also become increasingly clear that, if the company wishes to find the externalities it requires within the territory in which it is located, it must

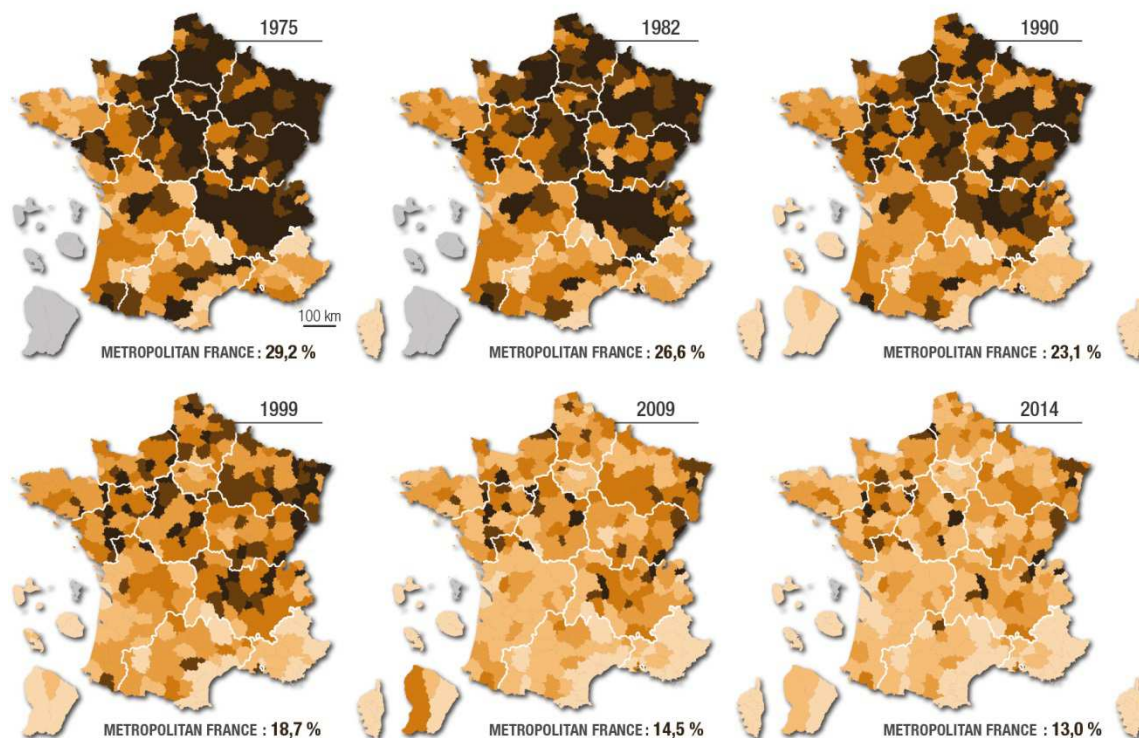
contribute towards its proper functioning. In addition, businesses can no longer risk being exclusively associated with strengthening the most economically dynamic territories in the light of a larger environment with deteriorated prospects.

Development of CTR necessarily involves a renewal of public policy development methods, based on joint construction between the State, economic stakeholders and local authorities. An overall approach should provide the means to measure businesses' territorial footprint, enable definition of a shared CTR reference framework, setup of territorial platforms to provide SMEs and microbusinesses with technical assistance, and the strengthening of existing platforms, and should provide support to heads of companies and facilitate any voluntary action they take to foster territorial cohesion. In this respect, CTR can, for example, find concrete expression in territorial management of employment and skills, companies' contribution to local training courses ensuring that they are provided with a qualified workforce and strengthening the territory's social capital, support to territories' innovation incubators (coworking areas, third places and fab labs), and pooling of tools and machinery between companies and local stakeholders such as schools or universities.

The impact of the 2008 and 2010 crises on industrial territories: north-eastern quarter of France particularly affected

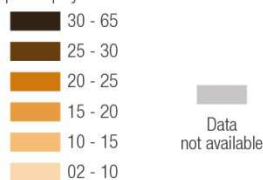
From 2009 to 2014, over eight employment zones (9) in ten witnessed a decline in industrial employment. The employment zones most affected were mainly located in the North and East of France. They accommodate activities relating to manufacture of metal products (Arve valley, Bresle valley and Charleville-Mézières), the glass industry (Saint Omer), plastic/rubber manufacturing (Compiègne and Oyonnax), the chemical industry (Compiègne) and the automotive industry (Belfort-Montbélard). These areas were home to jobs that were exposed to risk (10) as they were connected with the global economy, contributing to production of goods and services tradeable across borders, and in competition with other countries (11). The "geographical effect", which determines whether the employment zone's manufacturing sectors are performing more or less well at national level, also demonstrates the difficulties experienced by the north-eastern quarter of France. Observable in twenty-three of the one hundred and twenty industrial employment zones, it is negative in thirteen employment zones mainly located in the north-eastern quarter: in the former Picardie (Compiègne, Roissy-Sud-Picardie), Champagne-Ardenne (Reims, Charleville-Mézières and Troyes), Lorraine (Thionville, Épinal and Remiremont) and Nord-Pas-de-Calais (Roubaix-Tourcoing and Lens-Hénin) regions. Alongside the decline in industrial employment, these zones are also subject to losses in other sectors. The collapse of manufacturing activity reduces the industrial sector's demand for services, energy and construction. Between 2008 and 2013, for every ten industrial jobs lost, four were lost in other sectors.

Since 1975, a significant decline in industrial employment, particularly in the north-eastern quarter of France



Proportion of jobs in the workplace in the industrial sector amongst 25- to 54-year-olds

In % per employment zone



FOR A BETTER UNDERSTANDING

Since the 2006 census, changes have been introduced as regards questions relating to the labour force in the 1999 census.

The new census provides better coverage of hybrid and intermediate situations on the borders of each of the three main categories that traditionally structure labour market analysis: employment, unemployment and inactivity; for example, the situation of students who take on "small jobs" or retirees who continue to practice a reduced professional activity.

The concept of employment has expanded significantly.

Consequently, in order to enable in all evolving censuses, series have been restricted to a field in which there are few hybrid situations, that of 25- to 54-year-olds.

Source : INSEE, population census - Standardised data 1975 to 2014 • Production : CGET 2018

- (1) Developed by the German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau, VDMA) during the 2013 Hanover Fair, this concept considers the combination of three innovations – automation, the Internet of things and artificial intelligence – impacting traditional economic logic and the underlying mechanisms for creating value (Max Blanchet. *Industrie 4.0 : nouvelle donne industrielle, nouveau modèle économique* (Industry 4.0: new industrial circumstances, new economic model). *Géoeconomie*. no.82. 2016 <https://www.cairn.info/revue-geoeconomie-2016-5-page-37.htm>).
- (2) Gabriel Colletis and Bernard Pecqueur. “*Intégration des espaces et quasi-intégration des firmes: vers de nouvelles rencontres productives?*” (Integration of areas and semi-integration of firms: towards new productive encounters) in *Revue d'Economie Régionale et Urbaine*, no.3, 1993
- (3) La Fabrique de l'Industrie. *L'industrie jardinière du territoire ou comment les entreprises s'engagent dans le développement des compétences. (The territory's industrial gardener or how businesses commit to skills development.)* 2014 <http://www.la-fabrique.fr/fr/publication/l-industrie-jardiniere-du-territoire>
- (4) Valérie Angeon and Jean-Marc Callois. *Capital social et dynamiques de développement territorial : l'exemple de deux territoires ruraux français* (Share capital and dynamics of territorial development: the example of two rural French territories). *Espaces et sociétés*. 2006. No.124-125 <https://www.cairn.info/revue-espaces-et-societes-2006-1-page-55.htm>
- (5) Cécile Ferrieux, Georges Gay, Christelle Morel Journel and Thomas Zanetti. *Visibilité et invisibilité de la pollution des sols dans les territoires (post)industriels : de nouvelles perspectives sur la résilience et la justice environnementale?* (Visibility and invisibility of soil pollution in (post)industrial territories: new perspectives on environmental resilience and justice?) Call for papers. *Géocarrefour*. June 2017 <http://journals.openedition.org/geocarrefour/10244>
- (6) Laurent Davezies. *La crise qui vient (The coming crisis)*. 2012
- (7) Law bearing on the New Economic Regulations (NRE), Decree of 24 April 2012 pursuant to Article 225 of the Grenelle II Law of 12 July 2010, Ordinance no.2017-1180
- (8) Commission of the European Communities. Green Paper *Promoting a European Framework for Corporate Social Responsibility*. July 2001 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52001DC0366>
- (9) Employment zone: a geographic area within which most workers live and work, and in which companies can find most of the workforce required to fill the jobs they offer. Division of French territory into 321 employment zones enables understanding of the perimeters of local labour markets (which are much smaller than the national market) in which workers and companies interact.
- (10) The value selected to determine which jobs in sheltered areas are exposed is the Gini index of the activity of the least concentrated manufacturing industry “repair and installation of machines and equipment”. Sectors with a Gini index above or equal to 0.25 are considered exposed. When the Gini index is below 0.25 the sector's jobs are considered sheltered.
- (11) La Fabrique de l'industrie. *Dynamique des emplois exposés et abrités en France* (Dynamics of exposed and sheltered jobs in France). 2016 <http://www.la-fabrique.fr/fr/publication/dynamique-des-emplois-en-france>

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The General Commission for Territorial Equality (CGET), a State service under the authority of the Minister for Territorial Cohesion, assists the French Government in countering territorial inequalities and supporting territorial dynamics, by designing and facilitating urban and spatial planning policies in collaboration with local actors and citizens. .



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