



Fondazione  
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Feltrinelli

**Transformative  
Economies  
From the Circular  
Economy  
to the Green  
New Deal  
FeltrinelliCamp  
2020**

edited by  
**Anna Pettinaroli**

**Utopie / 102  
Globalizzazione**

# UTOPIE

# Transformative Economies

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# **Transformative Economies**

## **From the Circular Economy to the Green New Deal**

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## The Text

The imperative to review the predominant economic models has never been more important than it is now. It is essential to take this moment of disruption caused by the Coronavirus pandemic as an opportunity to rebuild our economic system by revising our development models. We need to identify new actions and strategies that can drive and speed up the transition towards new economic models, new roles for sustainable development, and new models of solidarity and inclusiveness.

FeltrinelliCamp 2020's ultimate goal was to highlight the conditions that enable the advance of an ecological transition sustainable for all, economically, socially and for the territory's development, whilst still remaining sensitive to issues of community well-being and environmental justice.

Such as the previous edition, FeltrinelliCamp 2020 welcomed several dozen of carefully selected researchers, young scholars, practitioners and activists from many parts of the world for a two-day intensive workshop. This volume collects the outcome of this work.

Edited by Anna Pettinaroli, it contains the reports produced by the work of the seven thematic tables and, in addition, texts by Claudio Zara, Maria Savona and Eugenio Caverzasi.

# **CITIES AND TERRITORIES**

# Working Group 5: Transformative Economies and Urban and Territorial Regeneration Strategy

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## General Framework

Over the last decades, our economic system has been centred on an industrial approach governed by the rule “take-make-waste”, leading to high levels of primary resource consumption and pollution, against all principles of efficiency and sustainability. Cities cover only 2% of the world surface, but they are responsible for roughly three-fourths of raw material consumption and CO<sub>2</sub> emissions. Cities are not self-sufficient, but instead the terminal point of global production systems which take resources from all over the world.

World population will reach 10 billion by 2050, with an increase in the urban population of 2.6 billion people<sup>46</sup>. This will require a massive built-up of urban infrastructure, which is a key driver of emissions across multiple sectors. Per capita needs of food, energy and resources, which were already remarkable, have grown at an even higher rate than the demographic index. The demand for natural resources has

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<sup>46</sup> United Nations, Department of Economic and Social Affairs, Population Division (2014). World Urbanization Prospects: The 2014 Revision, Highlights (ST/ESA/SER.A/352).

surpassed the availability of the Earth, with the 2019 “Overshoot day” happening in July 29<sup>47</sup>, leading to resource scarcity and increment in raw materials market prices<sup>48</sup>.

On the other side, the linear metabolism of cities also generated a climate crisis, with projections produced by the scientific community showing how by 2100 global temperatures might increase by 4 to 6 °C<sup>49</sup>. The change in temperature is resulting in calamities and extremely uncomfortable summer temperatures (heat waves) affecting especially the most fragile populations around the globe.

The Covid-19 crisis is making the road to sustainability more difficult. In Italy, the crisis had a negative impact on 9 out of 17 targets of the 2030 Agenda: poverty, food, health, education, gender equality, employment, innovation, social inequality, partnership worsen, while data on the circular economy, air quality and crime improved<sup>50</sup>. The fall for nine Objectives (1, 2, 3, 4, 5, 8, 9, 10, 17), is met by an improvement for three (12, 13, 16)<sup>51</sup>. It was not possible to assess the effect of the crisis on the remaining five, including goal 11 on resilient and inclusive cities.

Making cities more resilient, circular, just, and inclusive is no longer a luxury but a necessity. Many cities are rethinking their energy systems, their food systems, their transport infrastructures and their provision of foundational services. The choices that cities will make

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47 <https://www.overshootday.org/>

48 Richard Dobbs et al. Resource revolution: Tracking global commodity markets. McKinsey Global Institute, 2013.

49 World Energy Outlook 2011. Paris, IEA, International Energy Agency, 2011.

50 This is what stands out from the 2020 report of Asvis on “Italy and the Sustainable Development Goals” presented on October 08 during the final event of the Festival of Sustainable Development at the Ministry of Foreign Affairs.

51 SDG Goals: 1 Poverty, 2 Zero Hunger, 3 Good Health and wellbeing, 4 Quality Education, 5 Gender Equality, 6 Clean Water and Sanitation, 7 Affordable and clean Energy, 8 Decent work and economic growth, 9 Industry, innovation and infrastructure, 10 Reduced Inequalities, 11 Sustainable cities and Communities, 12 Responsible consumption and production, 13 Climate Action, 14 Life Below water, 15 Life on Land, 16 Peace, justice and strong institutions, 17 Partnerships for the goals.



today about the way they work will lock in the economic and climate benefits - or costs - for decades to come. This is not just a matter of improvements in spatial planning or sustainable transport, but about a deeper transformation. The economic model on which cities are based needs to be radically changed.

Here Transformative Economies can be a viable approach to development which can inform sustainable urban policies. Transformative Economies are a new economic paradigm emerging from the convergence of various actors including citizens movements, NGOs, social-minded businesses and progressive municipalities. Transformative economies go beyond mainstream understandings of sustainability, which conceive social justice, economic development and environment sustainability as separated goals to be balanced. Instead, it starts from the assumption that a fair distribution of wealth within planetary boundaries is the goal of economic development.

The transformation of cities needs to be undertaken progressively. Furthermore it requires a holistic approach, advancing innovation on several fronts simultaneously. Here a top-down approach can still be relevant but is no longer sufficient. It needs to be coupled with bottom-up interventions co-designed and co-produced with citizens, businesses and community organisations. These actors need to be put in the position of developing a sense of belonging and ownership towards the city, which leads them to act for the common good. This is key to unlock change at scale.

Beyond economic and technical questions, this also poses political questions: who participates in and drives the development of the city? Who is the urban economy for? How to create a truly democratic urban governance?

## **Critical Challenges**

Cities are facing several critical sustainability challenges. In this section, we present some of those that emerged from the discussions during the workshops.

### **1. Social inequalities and fragmentation**

Socio-economic inequalities are on the rise everywhere in the world and at different scales, and especially in cities, where inequalities tend to be more marked. Many aspects need to be taken into account: income, but also housing and urban quality more in general. Cities need to be less fragmented and offer all citizens a quality urban environment with access to natural environments, active-travel infrastructures, quality public spaces and aggregation centres. This is particularly important in the face of the Covid-19 pandemic, which is dramatically showing us the consequences of social isolation and lack of social relations.

### **2. Natural and man-made disasters**

Natural and man-made disasters are increasingly threatening the stability of our cities and living spaces. Cities are put under extreme pressure by climate change, and the COVID-19 pandemic showed to what extent an external event can be disruptive, jeopardising social and economic systems in place, especially for the most vulnerable segments of the society, as well as putting the global value chains in crisis.

### **3. Governance disconnection and fragmentation**

Our cities have complex problems, which require technical expertise and local knowledge to be solved across different scales. We need to do policy with communities and not to communities to avoid conflicts,

lock-ins and to generate powerful solutions. A new governance paradigm is hence needed that overcomes:

- Conflicts between administrative levels of government (national, regional and municipal).
- Conflicts between agencies at the same level (e.g. between different national governments) to face transboundary and transnational challenges (e.g. sustainable mobility, management of natural systems or climate change mitigation).
- The gap between government and citizens.

#### **4. Unsustainability of the housing sector**

At present, the housing sector represents a very dysfunctional sector both in terms of production and in terms of consumption. The construction sector is recognised as one of the most polluting worldwide: “*The buildings and construction sector accounted for 36% of final energy use and 39% of energy and process-related carbon dioxide (CO<sub>2</sub>) emissions in 2018, 11% of which resulted from manufacturing building materials*”<sup>52</sup>, while at the same time being responsible for 30-50% of primary resource consumption in the EU and 40,5% generation of urban solid waste in Italy<sup>53</sup>.

In Italy and many other countries, the building stock is outdated and keeps consuming a lot of energy while construction practices do not take into account environmental sustainability as much as they should. On a global scale, the scenario is worsened by the demographic increase and an intensification of the urbanisation phenomenon that will bring 70% of the world population to live in urban areas with a consequent need for new urbanisation.

52 2019. *2019 Global Status Report For Buildings And Construction*. [ebook] Available at: <https://wedocs.unep.org/bitstream/handle/20.500.11822/30950/2019GSR.pdf> [Accessed October, 12, 2020].

53 ISPRA 2016

From the consumption side, the housing sector is problematic as quality housing is increasingly inaccessible. Metropolitan cities like Milan are witnessing a sharp housing crisis where rents are increasing much faster than incomes. Despite a long-lasting economic crisis and the presence of unresolved problems with job creation, rents' prices are significantly growing, reducing the capacity of people to save money, to invest in new activities and creating constant anxiety and uncertainty. More than 50% of the monthly income of citizens is spent on rents and mortgages, creating deep inequalities around a foundational good.

## **5. Knowledge gap**

The transition towards a sustainable urbanism requires a new knowledge and new skills which are more systemic, imaginative, empirically based, transdisciplinary, inclusive and action-oriented. At present, we do not have this knowledge capacity, and we need to build it quickly to reframe policies that enable the transition at interconnected scales.

First, we need good, reliable and independent knowledge on key social and environmental matters. Our world is complex and uncertain. There are massive challenges ahead of cities, ranging from climate change to global migrations from the increasingly poor and unlivable 'global south'. A better understanding of natural and social phenomena, both in the short-term and in the long-term, is key to have a balanced vision of the costs and benefits of transition measures.

The second challenge is about dissemination and sharing. Knowledge of key social and environmental trends remains far from citizens, especially from the ones who need information the most: climate change is mostly affecting vulnerable people and communities, increasing the gap between marginalised and wealthy citizens. Information about climate change risks and the possible measures to face these challenges are not always accessible by these communities.

Thirdly, we need a dialogue between science and local knowledge to design good policies. Technocratic approaches are still prevailing in transition policy. However, local communities assign a specific value to their natural and social resources, their places, their culture and possess valuable knowledge. Top-down processes might neglect these elements. Thus, we need cities that are capable of creating inclusive decision-making processes in order to co-create policies and development plans.

## **Proposal**

Over the next years, cities need to realise the goals of environmental regeneration, climate adaptation and social cohesion. The background to these goals is provided by the 2030 Agenda, the Paris Agreement and the Green New Deal. This requires a major reorganisation of the development model of cities, which can be achieved only with coordinated actions and a new policy framework.

As discussed in the previous section, we are aware of the barriers for transition. Nonetheless we think that is important to start think about solutions which can become the catalyst of change. Below 2 specific action-driven proposals which address 2 key areas where we think an urgent urban transition is needed.

### **1. Fair and green living infrastructure**

The first proposal addresses the creation of what we call a fair and green living infrastructure. By that, we mean a stock of houses which is accessible in terms of price (both rents and mortgages) for all citizens, built with sustainable materials, powered with green energy sources and connected to active-travel infrastructures and public transport so to make cars an option and not a necessity. Here our policy proposal

is a new regulatory framework, which we think could improve the housing economy both in terms of production and consumption.

In terms of production, we propose regulations that reflect the deep ecological crisis we are. Here we need to be ambitious and go even beyond ‘passive housing’, that only considers operational energy without including the impacts of the grey energy embodied in building components. We need a life-cycle and integrated approach that looks at the whole life-cycle of housing and its relation to the broader city. Hence we propose that all new housing developments - and the regeneration of existing housing stock - should be required to:

- Be realised according to design for disassembly, in order to prolong the life-cycle of building components beyond single uses and avoid the critical energy consumed within destruction and rebuilding process.
- Should be built with green materials, minimising resource use and be able to store natural resources such as rainwater.
- Should be powered with green energy sources and built-in ways that consume less energy, so that eventually surplus energy is redistributed to the grid.
- Should introduce Nature-based solutions (e.g. New Yorks’ green roofs policy<sup>54</sup>)
- Should be connected to public transport systems and active travel systems.
- Should prioritise urban voids and underused buildings over new land.
- Should be organised within neighbourhoods where basic services are in walkable proximity.

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<sup>54</sup> <https://www.urbangreencouncil.org/content/projects/nycs-sustainable-roof-laws>.

Furthermore, in terms of consumption, we need regulations and business models that ensure quality housing to all and not just a few. Quality and appropriate housing should become again a social right and not an optional good which only high-income households can afford. Here we propose to:

- Build new quality public housing as in Berlin or Barcelona with clear targets of reaching 30-40% of the overall housing stock.
- Reintroduce rent control as in New York or Berlin in parts of the private housing markets so that rents do not surpass 30% of household income.
- Tax unused and underused properties so they are reintroduced back into the market.

## **2. Transition knowledge infrastructure**

As highlighted in the previous section of this document, another key challenge for the transition of cities towards economic, social and environmental sustainability is about addressing what we called the knowledge gap. Here we need to recognise the value of local knowledge and bottom-up initiatives. Furthermore, we need to make better use of science and digital innovation to inform the design, monitoring and evaluation of urban policies. Ultimately we need to build a new 'transition culture' which is oriented towards action.

In part, this is a question of connecting and making really accessible what is already there. Cities aggregate already many hubs of transition knowledge in the form of living labs, makerspaces, Universities and community spaces. Furthermore, a significant set of instruments for bottom-up transition already exist, e.g. incentives for housing retrofitting or for green and social enterprises. However, only a few know these possibilities exist, and this is arguably one of the reasons why change is not reaching the critical mass required.

Hence, our proposal for addressing the knowledge gap is to establish what we call a Transition Centre in every neighbourhood. By that we mean physical spaces - like community centres - that provide citizens with a) data and information on urban challenges and b) access to the instruments and fundings available to address those challenges. As such, these centres would create a distributed knowledge infrastructure, where people can understand how their cities work - and more importantly not work - in terms of social cohesion and environmental sustainability. At the same, these centres would provide information, skills, and tools for taking action, while facilitating the networking of people and projects focusing on transition. We believe that this kind of distributed and bottom-up knowledge infrastructure would be strategic in promoting the transition culture needed to quickly transform our cities in more socially just, environmentally sustainable and politically conscious places.



# Curatorship

Anna Pettinaroli is a research fellow at Fondazione Feltrinelli in the area of Globalization and Sustainability. She has a degree in Urban Sociology and she mainly deals with sustainability policies with a focus on sustainable mobility.