

# **Place identities and narratives in local development**

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## **Abstract**

While the prevailing economic study of narratives focuses on the ability of viral stories to influence economic decisions, we explore narratives as an indispensable tool for shaping, maintaining and modifying social identity, and thus to facilitate group aggregation and collective action. In the conceptual approach we suggest, narratives are persuasive stories about how reality works and about our position in the becoming of this reality; they are impure public goods that, in the case of local development, take the form of club goods and specific public goods. These two types of goods require costly barriers to access, that contribute to preserve the distinction between activities in the local community and those outside it. The policy-maker can vary these barriers to favor or disfavor the leveling off between local and global narratives. Our approach thus helps to explain both the formation of local communities and the possibility of interventions to change their relationship with other communities.

**Keywords:** narrative and economics, social learning, local productive system, local community, place identity, social identity

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## 1. Introduction

Narratives have recently been discussed in economic science in at least two ways. One concerns economists' use of narratives to construct their models and/or for argumentative purposes. The other one concerns the narrativity of economic agents, that is, the implications of stories told for the analysis of economic behavior (Juille and Jullien 2017). In this work, we examine only the second mode<sup>1</sup> with specific reference to local communities<sup>2</sup>.

We define “narrative” as *a story that convinces the listener, who then tells it to others, varying it*<sup>3</sup>. It is a story that, «in its most basic form, requires at least three elements: an original state of affairs, an action or an event, and the consequent state of affairs [...]. For them to become a narrative, they require a plot, that is, some way to bring them into a meaningful whole. The easiest way to do this is by introducing chronology (and then ...), which in the mind of the reader easily turns into causality (as a result of, in spite of) » (Czarniawska 1997, 2). It is a causal story that aims at explaining why something happens and why people behave in such a way. Moreover, it must persuade. In fact, if on one hand, a “meme” - an element of a culture or system of behavior transmitted from one individual to another by imitation - may propagate simply because it is appreciated; on the other hand, a narrative circulates just because it persuades the listener. If those who hear it, take it in and decide to tell it in turn, it is because they find it relevant and persuasive. It must also be told to others; while we can, for example, whistle a musical refrain on our own, we can only tell a story *to others*; narrative in so much

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<sup>1</sup> However, in reference to the role of narratives in economic science, we simply observe, along with Mary Morgan (2001), that they are indispensable to scientific activity. Indeed, narratives are an integral part of models. For example, an economic model cannot be fully characterized simply by knowing its structure; one must also know how it works and what it can do. This manipulation of the model requires a narrative device, triggered by a question, that sets up the stories that through the model we can tell. The structure represented in the model limits the stories that can be told, but without stories showing how the structure works, we cannot tell what might happen in specific cases. Without these narrative elements, we cannot apply the structure of the model directly to the facts of the economic world or demonstrate the results of the hypothetical world represented in the model. Therefore, stories are not simply persuasion devices; they are an important part of a model's identity.

<sup>2</sup> We use the expressions “local community” and “local productive system” as synonymous here. Both define a place (or milieu) identified by the active and daily overlapping of family, civic, entrepreneurial and labor experiences; characterized by a prolonged and evolving presence of one or more localized industries. “Industrial districts” are a class of local productive systems whose core industries are characterized by a dense, largely local population of small and medium-sized specialized enterprises (Bellandi 2021, 1).

<sup>3</sup> In some languages, “narrative” means a literary genre or the body of literary works by an author, strand or period; while “storytelling” means the action of telling. In English, “narrative” denotes a form of communication that, in an argued manner, conveys a vision, values and goals; while “storytelling” refers to affabulation, that is, the construction of a story by which specific goals are achieved. Neither of these meanings fully covers the meaning of our concept: hence the choice to resemanticize one of the terms, that of “narrative,” as «a technical term for what we call ‘story’ in our daily lives» (Loseke 2018, 2).

exists as it passes from mouth to mouth. Finally, it undergoes constant variations: there is never absolute fidelity of reproduction; whether errors or deliberate changes, each narrative at the  $n$ -th turn modifies the narratives of the  $n-1$  previous turns. In short, narratives are persuasive stories about how reality works and our position in the becoming of that reality. They tell where we come from, who we are, and where we are going; they are sets of stories that, by ringing events during a plot, give coherence to our experience and causal structure to the world (Boyd 2009; Gottschall 2012).

In this paper, section 2 highlights the structure and the function of narratives as well as the role of contextual factors in their circulation. Section 3 provides a model from linguistic studies to show that several narratives can coexist in each time. Section 4 distinguishes between narratives model and narratives identity showing possible dialectical relationships. Section 5 defines narratives as public goods, and it develops a model in which narratives as specific public goods and club goods are useful to manage for policy makers. Section 6 briefly concludes.

## **2. Narratives are the stories that make sense of our experiences**

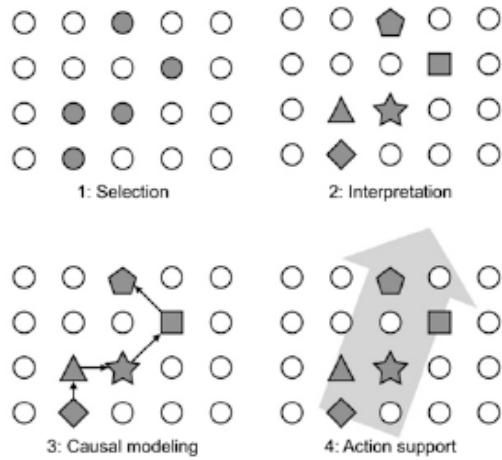
### **2.1. Narratives' functions and narratives' structures**

The four functions performed by a narrative in social dynamics are:

1. «They select the key elements of the story and avoid what is considered irrelevant for the events at stake (*selection*);
2. they interpret their value and meaning (*interpretation*);
3. they connect the elements in temporal order identifying the causes and effects of the action (*causal modelling*);
4. they support the action rationally and emotionally (*action support*) » (Vignoli *et al.* 2020, 36).

In figure 1, we exemplify such mechanisms. Let us assume that four rows of five white balls are the options that members of a local society can imagine at a given historical moment. It is on these options that the narrative intervenes, in the four boxes in Figure 1.

Figure 1: The four functions of a narrative



Source: Vignoli *et al.* (2020)

In Alasdair MacIntyre's famous words, «I can only answer the question “What am I to do?” if I can answer the prior question “Of what story or stories do I find myself a part?” » (MacIntyre 1981, 216). Everyone *is* a story, since he/she derives the meaning of his/her life from the outcome or composition of a series of acts that he/she tells others and that others tell him (Sacks 1985). Everyone is a *self creating stories creating self* (McLean *et al.* 2007); and he/she is a *self* that is open to the possibility of change, since changes happen only to the one who can tell/interpret them (Fisher 1987). It is thus narratives that, by coloring each person's biography with meaning, constructs his/her *personal* identity: «without the ability to tell stories about ourselves, there would be no such thing as identity» (Bruner 2002, 98). Personal identity accurately summarizes the four functions evoked with Figure 1. Similarly, *collective* narrative – the stories that members of a group tell themselves and other groups – is the generative process of *social* identities, as it immerses the experiences of a community in a representation that is always meaningful to that community, and sometimes to the communities with which it interacts. Along these lines, narratives ground the possibility of acting together (Booker 2004). Certainly, motives for participating in joint actions change from one person to another; however, despite such a circumstance, if we successfully coordinate, it is because narratives about who we are and what we are doing help make sense of the coordination perspective (Tollefsen and Gallagher 2017, 108).

It is important to add that no one can change his/her social identity immediately as he/she changes clothes, since identity is a *structure* of meaning, the parts of which hold each other and come from long and multiple layers. Within a group, *homines narrantes* dynamize the given structure of

social identity, competing with both old narratives and any new ones (Antoci *et al.* 2018). It is the narratives that give present and prospective meanings to the actions of group members, and thus reproduce, or modify, the social identity of these members. We can imagine social identity as a stock magnitude that changes with the intervention of a flow magnitude, capable of gradually changing its contents over time. Such flow is composed of narratives: the communicative practices that immerse a group's experiences in a sequence endowed with meaning<sup>4</sup>.

Finally, it should be remembered that every narrative portrays a determined world (real and/or virtual) in space and time. In this regard, we can consider at least two scales of analysis: the local community dimension and the broader dimension in which the local community is situated. Narratives can portray primarily what happens within the local community ("local narratives"), or what happens everywhere ("global narratives").

## 2.2. The role of contextual factors for narratives' dynamic

The greater or lesser circulation of a collective narrative depends, of course, on the conviction with which the subject propagates it and the receptivity on the part of other subjects. To examine what conditions favor the circulation of a narrative *within* a group, let us assume that the subject values it more effective and less costly to propagate its narrative to those with a *similar* narrative. To make these terms more precise, we represent a narrative by means of a list of "dimensions" (language, plot, worldview, style of narrative, and so on) and "aspects" (the alternative ways in which each dimension can manifest itself). For example, let there be five dimensions and ten aspects: the narrative is described by a list of five numbers as 8, 7, 2, 5 and 4; in this case, the first dimension presents the eighth of its possible ways. If the narratives of two subjects express the same aspect for each of the five dimensions, we are looking at the same narrative. The "degree of similarity" between two narratives is the percentage of their dimensions having identical aspects (Axelrod 1997, 154). While

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<sup>4</sup> For example, among Chianti peasants, until not so long ago, «wakes, work exchanges, the churchyard, the marketplace, draw a dense network of connections between individuals» (Becattini 2007, 180, emphasis added). In particular, «the technique of the vigil is *narratively* formidable [...]. All the events of life are framed and, by explicit or implicit judgment, rigorously framed [...]. At the center of the scene we find the sharecropper family: the headman, the housewife, the married children, the pinzi uncles, the boys, the boys from outside, and so on. Then come the animals: the work animals and the pets [...]. The family is a cell of a community, the peasant community, which, note, is not presented here in the form of a compact village, because we are in sharecropping Tuscany. They are, for the most part, scattered houses and *the element that unites them*, paradoxically but not too much, *is precisely the vigil*: people who go from one house to another and tell and talk and transmit ideas; big ideas such as anti-fascism and opposition to the war and petty ideas such as superstitions, gossip and so on, precisely. It is like *a great network* that extends from Chianti in several directions, passing, for example, the mountains and descending down into Valdarno» (Becattini 2007, 102, emphasis added).

similarity is given by an overlapping list of “dimensions,” similarity arises from an overlapping list of “aspects,” which are the alternative ways in which each dimension can present itself. We can have a similarity with likeness, and one with dislikeness, depending on whether, alongside dimensions that match, we have, or do not have, aspects that match. Communication is better between subjects with *similar* narratives, since the greater the similarity of the narratives of the members of a social network, the easier the interaction between them, which in turn reinforces the similarity of the narratives.

In addition to the similarity of narratives, the relational density in which they are immersed matters. If the density is not uniform, “structural holes,” or the lack of connections between parts of the social structure, are important. In fact, the subject who controls some structural hole is able to spread the narrative from one group to another, since she also accesses connections with structurally non-equivalent subjects (i.e., who do not activate the same links with others, and do not receive the same links from others). She can become a social broker, able to establish not only direct contacts within the network in which her group is located (and in which other groups may also be located), but also indirect contacts (the contacts of her contacts) with different social networks. She can thus connect distinct sources of information, strategically manage relationships with separate groups, but also extend the narrative to which she adheres beyond the initial group to which she belongs (Burt 2010).

Finally, a “structural deformation” can occur in the dynamics of a society: the network structure changes when some members of one group, also joining another group, create an intersection in which the characteristics of the two groups are mixed. This intersection becomes an innovative space that can reward those who frequent it and penalize those who remain within the groups’ original boundaries; in this sense, it becomes an *internal* space of collaboration and an *external* space of conflict (Vedres and Stark 2010).

Whether these are “structural holes” or “structural deformations,” the transmission of the narrative is oriented by the position in the social structure of the subject (individual or collective) who promotes it, that is, by the possibility for this subject to build “bridges” to others, embedded in different networks, or to establish intersections between previously impermeable groups.

### 3. The possible coexistence of global and local narratives

Usually, at a certain instant, several narratives circulate in the same place. But, in the long run, can multiple narratives coexist? Or are minority narratives destined to be short-lived, in favor of the prevalence of the narrative that enjoys the widest circulation from the start? These are fundamental questions, which are also formulated and analyzed for a similar issue: the coexistence of multiple languages. Let us briefly consider two contributions to this literature.

Abrams and Strogatz's (2003) model conceives of languages competing with each other for speakers. It assumes a population in which all speakers are monolingual. Consider a system of two competing languages,  $X$  and  $Y$ , in which the attractiveness of a language increases with both its number of speakers and its perceived status (a parameter that reflects the social and economic opportunities afforded to its speakers). Suppose an individual converts from  $Y$  to  $X$  with a probability, per unit time, of  $P_{yx}(x, s)$ , where  $x$  is the fraction of the population that speaks  $X$ , and  $0 \leq s \leq 1$  is a measure of  $X$ 's relative status. A minimum model of language change is thus

$$\frac{dx}{dt} = yP_{yx}(x, s) - xP_{xy}(x, s) \quad (1)$$

where  $y = 1 - x$  is the complementary fraction of the population speaking  $Y$  at time  $t$ .

By symmetry, language interchange should produce the same transition probability as an exchange in the fraction of speakers and relative status; hence  $P_{xy}(x, s) = P_{yx}(1-x, 1-s)$ . We also assume that no one will adopt a language that has no speakers ( $P_{yx}(0, s) = 0$ ) or no status ( $P_{yx}(x, 0) = 0$ ), and that  $P_{yx}$  is regular and monotonically increasing in both arguments. These assumptions imply that equation (1) has three fixed points. Of these, only  $x_0$  and  $x_1$  are stable. Thus, the model predicts that two languages cannot coexist stably: one eventually drives the other to extinction.

Abrams and Strogatz's model assumes that language use has substantial network externalities<sup>5</sup>: the larger a language community, the more value there is in belonging to that community. Network effects can be a very powerful source of increasing returns. They also give rise to strategic complementarities: the greater the number of other people learning or using a language, the greater the individual incentive to learn or use the language. Thus, models built on network

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<sup>5</sup> A “network externality” occurs when the benefit an individual or firm derives from the use of a good increases as the number of users of that good increases.

externalities contain forces that tend to make the most widely used languages triumph to an increasing extent.

However, this model cannot explain why so many language minorities continue to thrive. In the perspective we are interested in here, it does not clarify why multiple languages can coexist in a local community: for example, that of officially codified technology and that of semi-crafted technical methods. To explain such phenomena, we need to abandon the premise that everyone speaks only one language. Suppose that languages  $X$  and  $Y$ , co-present in a place, are *mutually intelligible in a partial or imperfect way*; and that  $Y$  is the minority language. In Mira and Paredes's (2005) model, monolingual speakers of  $Y$  can communicate effectively with monolingual speakers of  $X$ , as indeed happens, for example, between Castilian and Catalan or Galician, or between Tuscan/Italian and Venetian or Neapolitan. This possibility allows monolingual speakers to become bilingual, at a rate that is proportional to both the share of speakers of the competing language and the degree of mutual intelligibility. Correspondingly, the greater the mutual intelligibility of  $X$  and  $Y$ , the lower the proportion of monolingual speakers of  $Y$  attracted to become monolingual in  $X$ . Even if no monolingual speakers of the minority language  $Y$  remain, the latter remains viable among the bilingual members of the population.

Consider a population in which monolingual  $X$  speakers constitute a fraction  $x$ , monolingual  $Y$  speakers a fraction  $y$ , and bilingual ( $B$ ) speakers a fraction  $b$  (with  $x+y+b = 1$ ), and the dynamics of language change is accordingly described by the

$$\frac{dx}{dt} = yP_{YX} + bP_{BX} - x(P_{XY} + P_{XB}), \quad (1a)$$

$$\frac{dy}{dt} = xP_{XY} + bP_{BY} - y(P_{YX} + P_{YB}), \quad (1b)$$

$$\frac{db}{dt} = xP_{XB} + yP_{YB} - b(P_{BY} + P_{BX}); \quad (1c)$$

where  $P_{XY}$  denotes the probability that a monolingual speaker  $X$  will be replaced in the population by a monolingual speaker  $Y$ , with similar notation for other possible substitutions. The probability of a monolingual being replaced by a monolingual or bilingual speaker of the other language is assumed to be proportional both to the status of the second language, i.e. the social and/or economic advantages it offers, and to the power of the proportion of the population that speaks it. Thus, denoting by  $s$  the relative status of language  $X$  and by  $1 - s$  that of language  $Y$ ,

$$P_{XB} = c \cdot k(1-s)(1-x)^a, \quad (2a)$$

$$P_{YB} = c \cdot ks(1-y)^a, \quad (2b)$$

$$P_{BX} = P_{YX} = c \cdot (1-k)s(1-y)^a \quad (2c)$$

$$P_{BY} = P_{XY} = c \cdot (1-k)(1-s)(1-x)^a; \quad (2d)$$

where  $c$  is a normalization factor relative to the time scale,  $a$  is the power parameter, and  $k$  is the probability that the disappearance of a monolingual speaker of  $X$  (respectively  $Y$ ) will be offset by the appearance of a bilingual rather than a monolingual speaker of  $Y$  (respectively  $X$ ). We identify interlingual similarity with this parameter  $k$ . When  $k = 0$ , the model reduces to that of Abrams and Strogatz, or decays toward the latter if  $b$  is initially nonzero (Mira, Seoane, and Nieto 2011).

In short, the model of Mira *et al.* shows that stable bilingualism can occur and that its occurrence depends on the degree of similarity between the competing languages. The same logic applies to narratives, global and local.

#### 4. Narrative-model and narrative-identity

Often, similar narratives differentially succeed. The reasons why this happens is a puzzle that the social sciences are still far from solving<sup>6</sup>. Lacking a solid theory in this regard, our argumentation dwells only on the circulation/dissemination of narratives that *already resonate*, that is, that are told by one another, in both spontaneous and deliberate ways. In the short run, such are of interest for policy-makers since as they are able to guide public opinion and alter the degree of adherence toward certain programs and intervention measures.

In a nutshell, success narratives spread along two channels. The first concerns how narratives shape *homines narrantes'* understanding. Specifically, narratives explain how the world works, and this in turn alters perceptions of proposed policies and their outcomes. We call these “narratives-model” (implied: of explanation of the world). In the second channel, narratives influence perceptions of who people are. Each of us “wears” a multiplicity of identities, referring to dimensions such as

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<sup>6</sup> «We do not know what kinds of stories prove the most politically effective: whether, for example, simple stories are more effective than complex ones, or just how accurate stories have to be to remain convincing, or whether it is possible to tell stories that depart from familiar ones» (Polletta 2013, 411). Read also the remarks of Eichengreen, 2019.

social class, profession, gender, ethnicity, race, religion and nationality. Narratives can change the salience of various aspects, but also construct new identities. We call these “narratives-identity”.

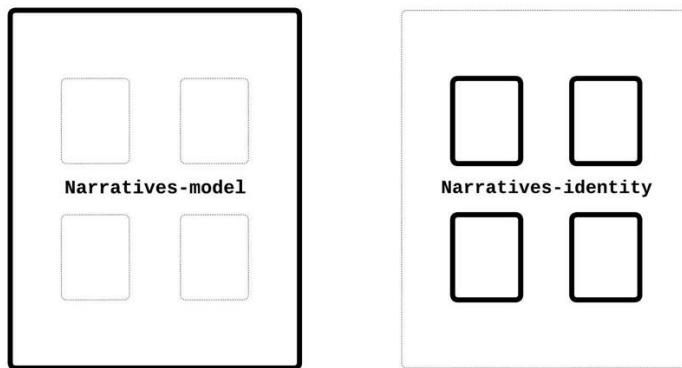
Loosely drawing on Mukand and Rodrik’s (2018) distinction, we can observe that when narratives-identity prevail in a local community, *the association effect* establishes itself. In other words, people who were not initially members of a group or place become members as they share the same identity (versus other groups/places). For example, people with low income and limited education derive utility from identifying with people with high income and qualified educational qualifications. This is what happens with populisms: the precariously educated metalworker votes for the anti-system billionaire based on the narrative of the leader of a party-nation representing the homogeneous people as opposed to the corrupt elite. The association effect thus helps to assemble disparate subjects, often with divergent interests, under the umbrella of a single social identity.

On the other hand, when narratives-model prevail the local community tends to change the story about how the world works and how to change it. *The trade-off effect* establishes itself; people change their representation of the opportunities that run through the world and how to act on them. We are faced with more socially divisive narratives. In fact, while the association effect urges the convergence of many individuals and groups under the same label, the trade-off effect outlines different conceptions of what happens, why it happens and how we can maintain or change it. For example, the narratives that justify tax policy measures are narratives-model and are usually divisive in nature: the implications of a flat tax, or a wealth tax, evoke whole perspectives on how the economy works and entail odd consequences on individuals and groups.

All narratives contain both elements: on the one hand they explain the world and on the other hand they construct the subjects that animate it. However, the two types just introduced combine the elements differently. Schematically, the narrative-model begins with explanation (e.g.: the capitalist system works so-and-so) and within it brings subjects in and out (e.g.: the main social classes are the bourgeoisie and the proletariat). In contrast, narrative-identity begins by labeling subjects (e.g.: society is divided into blue-blooded aristocrats and passive people) and on their basis explains the world (e.g.: it is the nobility that makes history). Therefore, the former narrative emphasizes the model while not neglecting identity, while the latter puts identity in the foreground while not neglecting the model. This difference, as we shall see later, is relevant on the ground of policy interventions.

Figure 2 illustrates the point just made. The narrative-model is the figure on the left. The emphasis falls on the frame, as the operation of the system is the apriori. The narrative-identity is on the right. This time the focus is on the subjects since identity labels are the apriori.

Figure 2: Narratives-model and narratives-identity.



Source: Our elaboration

A living place where the co-evolution of a population of firms and a population of people is realized through a social identity and shared narratives is a “local community”.<sup>7</sup> There are, of course, many non-living places and also many non-places (Augé 1995). If a place is alive, it is so insofar as narratives-model and narratives-identity animate it. Indeed, telling stories, elaborating and transmitting narratives, constitutes the peculiarly human activity that founds sociability. Only this activity puts people in relation to each other, constructs their identities and gives meaning to their behaviors (Bruner, 1990; Hutto, 2008).

To impart vitality to a place, narratives proceed by means of an inside/outside dialectic; sometimes, they tell stories of belonging or inclusion; sometimes, stories of foreignness or marginalization. This dialectic, whereby each is told sometimes as a member of place and sometimes as a stranger, is ineradicable. For just as we cannot define the concave without the convex, so we cannot tell “our” stories unless we distinguish them or even contrast them with “their” stories. As Rudyard Kipling (1919) wrote, “All the people like us are We, and everyone else is They.”

It follows that narratives-model sometimes tell how it works “out there,” outside the local community, and sometimes how it works “around here”; similarly, narratives-identity sometimes tell who I am “around here” and sometimes who I am “out there.” There are thus four basic narratives, represented in Figure 3. The labels in the four boxes in the Figure help exemplify the analytical

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<sup>7</sup> This is Giacomo Becattini’s conception, according to Bellanca’s (2023a) interpretive reconstruction. More precisely, Becattini bases the local community on the concept of “social culture”, which includes other elements besides social identity and narratives.

articulation and are purely indicative. We refer to “localism” (parochialism, municipalism) as the tendency to set and solve problems of political or social nature from an angustically local point of view. On the contrary, “cosmopolitanism” (internationalism, universalism) is the tendency to consider all people as belonging to one large homeland. We mean for “nationalism” the tendency to define one’s identity within a place (homeland), but to explain the world’s issues in terms of a dialectic (even conflictual) among multiple places (homelands). Conversely, “contextualism” defines one’s identity according to context (it is not rooted in a specific place), and holds that explanations of the world also vary according to context (missing both explanations of universal validity and those that are embedded in a particular place).

Figure 3: The four local narratives



Source: Our Elaboration

The inside/outside dialectic makes it possible to consider, albeit in an elementary form, at least two scales of analysis: the dimension of the local community and the broader dimension in which the local community is situated. Narratives can tell primarily what happens within the local community (“local narratives”), or what happens everywhere (“global narratives”). As we see in Figure 4, the four narratives in Figure 3 shape Global and Local Patterns (the pair referring to *How Social Reality Works*), and Global and Local Identities (the pair concerning *Who I am in Social Reality*).

Figure 4: Local and global narratives

| <i>How social reality works</i> | <i>Who I am in social reality</i> |
|---------------------------------|-----------------------------------|
| <b>Global models (GM)</b>       | <b>Global identities (GI)</b>     |
| <b>Local models (LM)</b>        | <b>Local identities (LI)</b>      |

Source: Our Elaboration

In many cases, narratives about how the world works and who we are in the world are divergent, when they look primarily at global level or when they refer primarily to a local community<sup>8</sup>. The first approach emphasises the international and transnational level in the spread of narratives, and describes the diffusion process as a one-directional flow from the global to the local. However, the primacy of global narratives and their top-down movement do not take into account the role of domestic economic, political and social factors nor do they capture the dynamics by which local actors and narratives respond to the global narrative structure. In fact, narrative diffusion is often a matchmaking process between global narratives and domestic opportunity structures, including organisational culture, political ideologies, local histories, traditions, institutions and identities. The spread of narratives therefore contains the possibility of a bottom-up route, in which local beliefs and practices influence the formation and revision of global narratives. Local and regional actors can localize external ideas and universalize local beliefs to affirm, challenge or replace global narratives (Lu 2021, Chapter 2).

Politically, the divergence between local and global narratives is of great strategic importance. In fact, prevailing narratives shape beliefs and expectations which in turn influence subjects' choices (Collier 2016). In our argument, we do not examine the conditions under which local narratives align with global ones, or vice versa. We simply observe that when a divergence between the two narratives occurs, the tension can shape one of the scenarios depicted in Figure 5: the global narrative prevails on the left, the local narrative on the right. In this paper we focus on the column on the right, assuming that local narratives succeed in changing the global ones.

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<sup>8</sup> The inside/outside dialectic is not only rooted in places. As Roland Barthes (1977, 79) noted, this dialectic also runs through classes and groups: «all classes, all human groups, have their narratives, enjoyment of which is very often shared by men with different, even opposing, cultural backgrounds».

Figure 5: Divergences between local and global narratives

|                   |                   |
|-------------------|-------------------|
| LM aligns with GM | GM aligns with LM |
| LI aligns with GI | GI aligns with LI |

Source: Our Elaboration

## 5. Narratives as public goods – a general framework

Individual ideas can be meant as private goods inasmuch they can be processed individually and can be mulled over in isolation. For instance, the simplest idea is not necessarily interchangeable although sharing undoubtedly enriches its content. On the other hand, narratives are public goods. From a constitutive point of view, as we argued, they exist whether they are shared. In other words, the act of being told is a necessary condition. Narratives are public goods since they are owned by everyone.

In the study of ideas and narratives, it seems appropriate to refer to a recent conceptualization due to Tilman, Dixit, and Levin (2018). They define public goods of a local community - they speak of a social group, but the logic is the same - by a pair of alternative criteria different from the traditional Samuelsonian ones. The first has to do with how many spillovers such goods pour into other places (social groups). Rather, the second concerns to what extent public good is substitutable with private goods. Thus, a public good is characterized by high spillovers and low substitutability (see Figure 6 for an exemplification).

Figure 6: An alternative definition of public goods

| Spillover or substitutability | Low substitutability                 | High substitutability                   |
|-------------------------------|--------------------------------------|---|
| <b>Low spillovers</b>         | National defense<br>Public education | Water use, Climate change, mitigation   |
| <b>High spillovers</b>        | Particulare matter<br>Public transit | Climate change, adaptation, Air quality |

Source: Tilman, Dixit and Levin (2018)

Tilman, Dixit and Levin hypothesize that individuals' preferences put their own interests first, then those of the place to which they feel they belong, and finally those of other places with which they have relationships: in their language, "prosociality is localized". They show that when a public good has low substitutability for private alternatives, members of a place become highly committed to funding it, even when it expresses high spillovers to other places. In other words, in the presence of low substitutability, members of a place also contribute adequately to inter-local public goods.

As we argued, individual ideas are private goods. As we pointed out, a narrative exists as much as it passes from mouth to mouth, that is, to the extent that it is told by one person to other people. Sharing is thus a constitutive feature of it. Narrative is a good that belongs to everyone and no one, that is, it expresses connotations of a public good. Since, in the approach of Tilman and colleagues, the substitutability between public goods and private goods is central, it becomes crucial to examine the extent to which the utility that one of us derives from storytelling (telling ideas to others) outweighs the utility we derive from brooding over ideas in solitude. The lower this substitutability is, the more viable a place is; but the more this happens, the more committed its members are to funding and producing local narratives, even when they overflow inter-locally. In other words, the more viable a place is, the greater its hegemonic capacity vis-à-vis broader territorial contexts.

The authors show that when a public good has low substitutability for private alternatives, members of a place become highly committed to funding it, even when it expresses high spillovers to other places. In a nutshell, in the presence of low substitutability, members of a place also contribute adequately to inter-local public goods. It becomes crucial to examine the extent to which the utility one of us derives from storytelling (telling ideas to others) outweighs the utility we derive from mulling over ideas in solitude. The lower this substitutability is, the more vital a place is.<sup>9</sup> But the more this happens, the more committed its members are to funding and producing local narratives, even when they overflow inter-locally. In other words, the more vital a place is, the greater its hegemonic capacity vis-à-vis broader territorial contexts.

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<sup>9</sup> In fact, the more the convenience of telling stories increases, relative to the convenience of elaborating private ideas, the more narratives can contribute to the strengthening and evolution of the social identity of the group. In turn, the stronger and more adequate the social identity, the more vital is the local community that is based on it.

## **5.1.Narratives as specific public goods – the role of cultural costs**

Consider, as an example, a simple multi-scalar system: local community 1, local community 2 (wider), local community 3 (even wider). If local narratives are public goods whose spillovers overflow from place 1 to place 3, the influence of place 1 on place 2 and place 3 is maximal. On the other hand, if the substitutability between narratives and private ideas is minimal, place 1 engages maximally in the provision of its own narratives i.e., it is maximally a local community. But is this case realistic? Can it happen that a local community 1 commits itself to disseminating, without cost and without hindrance, its narratives as inter-local public goods in locus 2 and locus 3? This would be the case if the world were flat, that is, if all places were uniform; but if the world were homogeneous, the distinction between local and global narratives would fall away, and the issue we are wondering about would disappear. On the contrary, the specificity of various local communities matters (Bellanca 2023b). Therefore, the generic notion of public good must be joined by those of specific public good and club good.

The specific public good is non-excludable and non-rivalrous, like the pure public good, but it also has a third characteristic: the user can fully enjoy its benefits if she incurs peculiar costs (Bellandi 2006). For example, knowing technical jargon is particularly useful for those who want to exchange ideas in a community of technicians who share such language. Technical jargon is therefore a public good because no one can exclude me from it, nor does it have congestion problems, but it is not universal in that I practice it if I have learned it onerously. If a team of researchers decides to invest time and resources to learn a new technical language, it is the group as such that is incurring the cost: in this case the cost of accessing the specific public good is collective.

The trait that unites the *individual* and *collective* cost of access to the specific public good is the learning process typical of cultural experiences. As Stigler and Becker (1977) and Roger McCain (1979) observe, individuals who want to enjoy a cultural good must train their taste and expertise through the enjoyment of the good itself: to appreciate Baroque music, one must train the ear by listening to Baroque music; to learn a technical language, one must devote cognitive attention and motivational commitment to the syntax, semantics and pragmatics of that language. (The affiliation between specific public good and cultural good is obvious, since both, from the standpoint of consumption, are rooted in bounded places.)

The specific public good arises when the impossibility and undesirability of rationing a public good, does not imply that access to its enjoyment is equal for all; in particular, that it is always and,

in any case, free. We therefore distinguish between the costs of financing the public good, which in large groups there is an incentive not to pay; and the costs (individual or collective) of access to the public good, which are often the precondition for deciding whether and how much to participate in the costs of the public good. The existence of access costs means that only a part of the population can or wants access. This is an important reason why a large social group tends to split into subgroups consisting of those who do or do not bear the costs of access. However, for the subgroup involved in the provision, it is necessary that both its members perceive a “net benefit,” given by the positive spread between the benefits of the public good and the costs of access, and that this benefit exceeds what the individuals would get if they were to obtain the good privately, if possible.

The specific public good is enjoyed only by a subset of agents, but they must bear a fixed initial cost. Let  $m$  denote the number of agents forming the subgroup, with  $m < n$ , and  $k$  denote the fixed cost of accessing that good. A public good,  $S$ , will be specific when the agents are linked by a subjective nexus, that is, they share a set of subjective characters, and the following condition is simultaneously fulfilled:

$$\begin{aligned} U_j^e(S) - k &>> 0, \forall j \in \{1, \dots, m\} \\ U_i^e(S) - k &\leq 0, \forall i \neq j \end{aligned} \quad (1)$$

(1) expresses the fact that, for the subset of  $m$  agents, and for them alone, the expected utility from the enjoyment of  $S$ , the aggregate quantity of the specific public good, net of the fixed costs of access (but not the costs of financing), is strictly greater than zero. Once this condition is satisfied, the actual level of utility of each agent, and thus the problem of incentives to finance the public good, can be brought back to the same analytical framework proper to universal public goods. The difference in the incentives to provide a specific public good, as opposed to those present in the production of a universal public good, is that in the former case the community is smaller, implying in principle a higher average level of contribution, although not necessarily a proportionately higher aggregate level. However, in the case of specific public goods, the presence of fixed access costs implies a negative income effect that causes a worsening of the budget constraint, so  $I_j - k = y_j + pq_j$ ; this tends to reduce, *ceteris paribus*, the individual incentive to subscribe.

Therefore, it is not possible to infer, a priori, the degree of sub-optimality in the provision of a specific public good. What can, instead, be assumed is that, in the case of specific public goods, almost all agents in the subgroup receive benefits of a private nature as well. Leaning on the classic model of Cornes and Sandler (1984), in the presence of private benefits perceived by a small group, the prevailing behavior is cooperative. It follows that there is a strong theoretical foundation to justify the idea that the quantity of specific public goods, which jointly produce public and private benefits, can approach the Pareto-efficient quantity.

## 5.2.Narratives as club goods – the role of institutional costs

On the other hand, the specific public good, which is non-excludable and non-rival, differs from the club good, which is excludable but non-rival. The excludability of the club good arises from a barrier to entry, that is, an exclusion mechanism: a price to be paid, a feature to be possessed or a formal title to be acquired. The crucial point is «the presence of an *exclusion mechanism*, whereby users' rates of utilization can be monitored and nonmembers and/or nonpayers can be barred. Without such a mechanism, there would be no incentives for members to join and to pay dues and other fees» (Cornes and Sandler 1996, 349). The barrier to entry, that is, the exclusion mechanism, can sometimes be individual and sometimes collective. If it consists of paying an entry fee, those who pay it individually become members of the club; those who cannot or do not want to remain outside. If, on the other hand, one has to possess a certain characteristic (such as being male or having white skin), or if one has to acquire a certain formal title (such as having a nation's passport or a degree from a certain academy), then this happens because one social group imposes a mechanism to the disadvantage of other groups (the non-male, the non-white, the non-citizen, or the non-graduate). It is not the club that creates a social group, but rather it is in many cases a social group that creates a club, through barriers to entry i.e. exclusion mechanisms.

At bottom, the difference between specific public goods and club goods lies in the nature of access costs. For both goods, access costs can sometimes be faced individually and sometimes on a collective scale. But in the case of club goods these costs serve to cross an *institutional* barrier to entry, arising from a price to be paid, a characteristic to be possessed or a formal title to be acquired. In the case of specific public goods, on the other hand, the barrier to entry is a *cultural* one, arising from the cognitive and motivational costs that need to be incurred in order to properly enjoy that good.

We have assumed, for the sake of argument, that it is global narratives that align with local ones, that is, that there is a push for global diffusion of local narratives. We further assumed, for the reasons stated just above, that local narratives are either specific public goods or club goods. It follows from this pair of assumptions that those who do *not* inhabit a local community: a) usually wish to enjoy the narratives produced/offered there; b) are usually willing to incur a cost (individually or as members of a group) to access these narratives. In other words, since local narratives are goods with onerous access, those who do not live where they are generated and who want to take them in usually have to pay more than they would pay for access to global narratives.

The policy-maker is usually able to distinguish between specific public good and club good, looking at the nature (cultural or institutional) of the barriers to entry. What most interests the policy-maker, however, is that costs of access exist. Indeed, it is the presence of these costs that allows the policy to intervene, raising or lowering them. The costs of access (individually or as members of a group) for local narratives can significantly regulate the ability of narratives to circulate (locally and inter-locally). This policy tool is applied differently, depending on the type of local narrative. When policy values narratives as specific public goods, policymakers mostly engage in adjusting *cultural* access costs so that they are lower for those who do not belong to a certain group or do not inhabit a certain local community. For example, when the technical and symbolic language of Silicon Valley was spread on a planetary scale, we witnessed the hegemonic rise of a local narrative (Kaplan, 2000). When, on the other hand, policy values narratives as club goods, policymakers engage predominantly in regulating *institutional* access costs so that they go up for those who do not belong to a certain group or do not inhabit a certain local community. The goal is to strengthen the social identity of members of the local community, differentiating and sometimes contrasting them with those outside it. One example concerns the allocation of citizenship: those who inhabit a local community can keep out, or admit with restrictions, those who do not live there. We have in this case a group forging an institutional exclusion mechanism (the passport) to select those who stay in and those who stay out. Those who can legitimately inhabit a certain place have greater rights; but, in the perspective we are discussing here, they can also better access local narratives and therefore can better acquire a certain social identity.

In summary, we have posited the analysis of the circulation of narratives as the major explanatory key to the forming and breaking down of social identities. We then distinguished between narratives-model and narratives-identity on local and global scales, classifying local narratives according to their inter-local spillovers and their substitutability with local individual ideas as private goods, while we interpreted local narratives as specific public goods and as club goods, which have

higher (individual or collective) costs of access for those who do not inhabit that place. Finally, based on the framework just outlined, we noted that the costs of access to local narratives are the key-variable on which policy can intervene, either to widen or to restrict the circulation of narratives.

## 6. Conclusions

We all know what a narrative story is: it has a beginning, goes through intermediate stages and comes to an end; it is animated by characters; it follows a plot that places events and characters in time and space, where events interact with the actions of characters and the world around them to make the story worth telling. Narratives refer to the way human beings construct and use stories, particularly to define their personal and social identities; they are stories that people tell themselves and others to make sense of human experience, that is, to organize, explain, justify, predict and influence the course of experience.

Places are «where spatial narratives meet up or form configurations, conjunctures of trajectories which have their own temporalities» (Massey 2005, 139). In this paper we have explored some of the ways by which narratives descend into a place and dynamicize it, contributing to the forming and breaking down of identities.

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