

# **The European perspective**

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## **1. Promoting local economic development**

Since the beginning of the XIX century, the economic situation of the main Latin American countries has been characterised by remarkable macro-economic political interventions with the aim of monetary stabilisation. Sustained by wide opening of internal markets to global flows, during the '90s these policies were able to control the inflationary spiral. Unfortunately, these programmes did not eliminate the strong social imbalances that still characterise the Latin American continent, missing the opportunity of establishing conditions and infrastructures in order to support a new phase of economic growth. In the dawn of the new century, the central issue concerns the new model of economic development for those countries. From this perspective, experiences of local development, networks of firms, and industrial districts represent strategic references and benchmarks to develop new economic policies in the next decades.

Globalisation trends and radical changes in the competitive scenario induced by reduction barriers to trade and resource mobility, and enforced by Information and Communication Technology (ICT) give rise to new challenges and remarkable opportunities for local economic development. Supporting and promoting an in depth analysis and comparison among national and local economic models of development is considered an extremely useful process in order to develop shared interpretative frameworks and common best practices for further interventions (policy). The project intended to facilitate this process stimulating the integration of researchers in these academic fields through an international community, as the basis for share knowledge, support collaboration and research on a cross-national perspective.

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Specifically, Latin American research can benefit through a direct contact and cooperation with successful European experiences and regional models of economic development - the district model in Italy (Veneto), the relevance of high-tech sector and relationships between large firms and research institutions in Germany (Munich), the innovation in urban planning and strategies for local developments in urban areas in Spain (Barcelona), also facilitating knowledge transfer within their economic contexts. Moreover, the creation of a professional virtual community of researchers is the opportunity to develop a global research framework on specific relevant topics on a durable perspective, exploiting the potentialities of network technologies as well as to improve international common academic activities.

## **2. Building an international research community**

The project “*Building a Research Community for Local Economic Development*” promoted by Ca’ Foscari University in cooperation with UFRJ, Venice International University and the other partners (supported by the City of Venice and the Province of Venice) has been specifically oriented to enhance researchers’ theoretical background, technological skills, and methodology on local development policies. These goals may be achieved through scholars mobility and the development of a online portal (designed and managed by UAB) for the research community specialising in regional studies, local economic development and related domains.

Mobility and training programmes intend to allow Ph.D. and young researchers to acquire and share knowledge concerning their own specialisation as well as an integration and updating of their skills both through specific advanced courses, interactive activities, and innovative training tools.

The training programme was oriented to provide specific knowledge on the economic models of local development related to the countries participating in the network, from a theoretical and empirical perspective, referring to the emerging scenario of the new world economy. The training programme offered courses on the topics related to the project: local development, innovation and social networks, economic geography, local manufacturing systems, globalisation, logistics, information and communication technologies. Specifically, training adopts a cross-national approach, promoting a direct comparison among specific models of

development coupling economic theory, case studies, on-site research, exploiting different specialisation and economic contexts of network members.

The project aimed at facilitating an international professional and cultural integration among researchers, exploiting community-based links, advantages, and appeals, by also improving innovative experience of cooperation within Latin American and European Universities as the basis to develop further integrated academic activities. From a broad perspective, the project intended to stimulate a wider integration among different national and local economic systems and institutions, through the organisation of international as well as local common events.

### **3. International productive networks and innovation strategies**

The emerging processes of international integration between manufacturing processes represent an importance chance of renovation and growth for many local economic systems of SMEs and the territories involved. Beyond the commercial activities and international exchanges, there are deeper and more relevant dynamics related to globalisation, considered as an interesting opportunity to redesign firms' networks of knowledge management on a global scale.

From this perspective, countries and regions of productive re-localisation should not be seen only as physical places offering cheaper labour costs. Rather, they are nodes of global networks, in which each node adds new and specific value to the whole network and supports its competitiveness.

Exporting or promoting the development of local systems of SMEs is not an easy task. Above all, it is not a spontaneous process, driven by delocalisation activities put in place by firms. Sustaining the competitiveness of selected areas through industrial districts or other forms of local development requires the design of a complex framework made by professional training, dynamic entrepreneurship, institutional support and other elements (in the long run).

However, despite those difficulties, the integration between manufacturing activities and supply chains of different countries and regions is needed in the emerging knowledge economy. Knowledge creation and exploitation are sustainable processes only in a context of specialisation of economic players, who are able to increase the value of the knowledge created through international networks of division of labour (global markets of knowledge

that reduce sunk costs related to R&D and research investments). In other words, *internationalisation processes and innovation strategies are the two sides of the same coin*, where the growth of the former is a condition for the development of the latter (and vice versa).

In this scenario, especially for SMEs, there is a strong demand for investments in new economic systems rooted in local contexts. Such investments on territories should lead to the development of new collective goods (external economies), able to stimulate firms in increasing their productivities and the value of their competencies, by also sustaining local competitive advantages. From an economic perspective, those initiatives highlight the relevance of territories in the competitive equilibria, but at the same time they seem to increase a “disruptive” competition among places and regions. However, even if competition concerning productive factors – capital, knowledge, skilled labour force – the opening process related to internationalisation also support the development of local systems themselves and the *complementarities* in global networks of division of labour.

#### **4. The cooperative internationalisation**

In the last years, social and political awareness on the relevance of international cooperation for local development has fastly grown. On the one hand, policies aimed at sustaining economic growth in less favoured countries are seen as positive responses to immigration flows. On the other hand, the promotion of economic opportunities at the local level is perceived to have a positive impact on national and global stability, by reducing political risks of social and economic divide world-wide.

However, policies for local development cooperation put in place by international institutions and government bodies through fund transfers, have the main limits, not in the lack of economic resources, but in their management rationale. As shown by several European regional experiences, an interesting emerging model is based on the promotion of local capacities to sustain development autonomously, by involving the society and the local economy. This model stresses the forms of *cooperative internationalisation*, where the players are not necessarily central governments or international bodies, but also the actors of the local system and the civil society – such as NGOs, craft associations, local banks, training institutions, etc.

The core idea of the cooperative internationalisation is that helping less favoured countries and regions through financial resources is not enough. Rather, they have to be involved in the international networks of division of labour, by actively including key players in the knowledge management cycles at the global level and in innovation processes.

According to the Italian and European perspective, among the many policies that can be developed to sustain local economic growth in those areas, initiatives are proposed below as starting points of a broader possible intervention:

- a. Promoting the *internationalisation* of local/national industrial and *craft associations*, to offer targeted services to firms that internationalise in the countries of re-localisation as well as to increase international partnerships;
- b. Extending *financial policies* to reduce barriers on credit support, specifically to small and medium firms;
- c. Creating new *ICT and logistics networks* to speed effective and efficient flows of information and goods;
- d. Rethinking the *professional training and lifelong learning*, in order to support workers' access to innovation and new knowledge;
- e. Extending the positive experience of centres for technology transfers in the areas of new internationalisation.

Such approach is receiving great attention from the emerging economies – Latin America above all – and Europe can offer positive models that could be applied to these areas consistently with their economic and social characteristics.

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