

Promoting local economy: *the case of food, building, transport and energy supply*

Open days; commercial local urban districts' project (CLUD), 7 FP MARIE CURIE IRSES

5.7.2011

Auditorium Calipari, Consiglio Regionale della Calabria, Reggio Calabria, Italy

Christer Bengs, DrSc

Professor in strategic physical planning and sustainable development

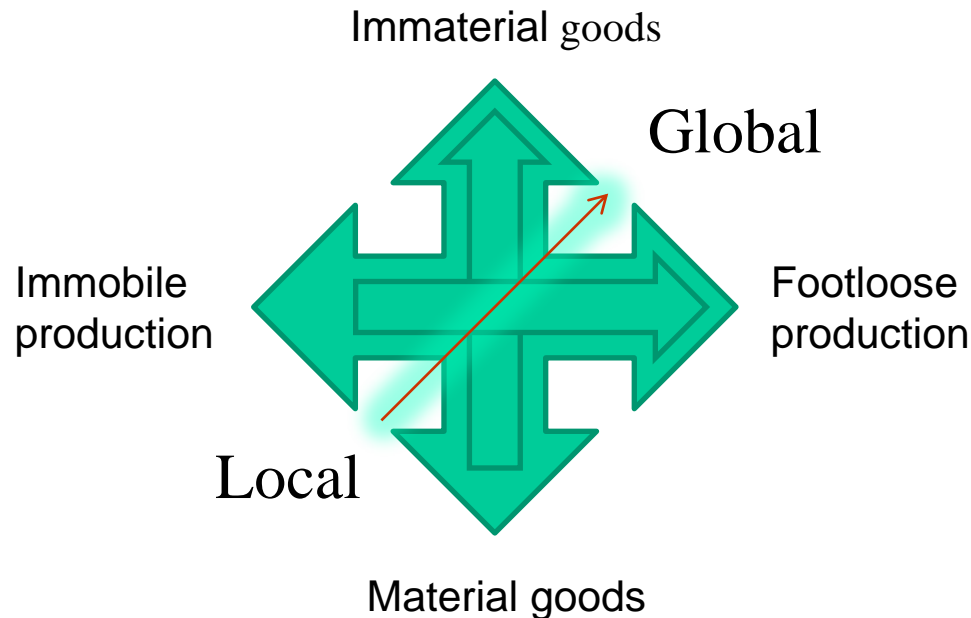
Department of Urban and Rural Development,

Swedish University of Agricultural Sciences

P.O. Box 7012, SE-750 07 UPPSALA, SWEDEN

christer.bengs@sol.slu.se

Globalisation and local economy



In the context of globalisation, local economy gains in importance as a stabilising factor

The advantages of local production for local consumption

1. Local investments yield 2-4 times more return than outside investments due to higher rate of reinvestments and local consumption of surplus.
2. Local firms tend to apply a long-term perspective and they are more firmly anchored in the locality: they have a stabilising effect on the swings of the business cycle as well.
3. Local firms are normally small or medium size and thereby they provide more job opportunities per turnover than big firms. They also enhance economic competition by providing alternatives to sectors that are often dominated by national oligopolies.
4. Most local governments face the problems of decrease and no growth. Consequently, the most important question is how to support existing businesses and increase the economic multiplier.
5. From the environmental point of view, local consumption of locally produced goods means radically reduced transports.
6. From a consumer's point of view, local production enables transparency with regard to production processes, working conditions, consumers' safety and economic prospects.

Local economy and land use

1. Local government has got a decisive influence on land use and thereby the conditions for land related local production can be influenced both by ***planning*** and by ***political decisions***.
2. Land-based economic sectors seem to foster oligopolistic conditions and therefore the promotion of local initiatives would enhance competition.
3. In the following, four sectors are reviewed: ***food, building, transport*** and ***energy***. All these sectors are inherently oligopolistic, but competition can be enhanced by local initiatives.

Food

1. Local food is today a crucial issue for producers as well as for consumers (see *International Planning Studies*, Nov. 2009).
2. Cities worldwide already produce one third of their locally consumed food and the share is growing.
3. In Europe, the distribution of agricultural land (close to 50 per cent) across the continent is even, despite variations in population density.
4. Urban agriculture also provides eco-services, facilitates for recreation and generates new businesses.
5. Local governments can promote local food production and consumption by planning measures (e.g. horticulture), by protection of arable land, and by municipal decisions concerning food supply of public institutions.
6. Local governments can also improve local consumption of locally produced food by facilitating distribution and exchange of locally produced food, and by applying formal regulations in a way that promote competition.
7. The biggest obstacle to local food is the vertical integration of the agro-business, which transcends EU policies as well as national policies.
8. The economic potential of local food is very big indeed as there at the moment is a huge gap between producers' prices and consumers' prices. By eliminating a range of middlemen, producers' prices would go up and consumers' prices would go down.
9. Food safety would be considerably improved by improving local food supply.
10. Research at SLU:

National study on Swedish municipalities interest in locally grown food, 2009. *Madeleine Granvik*.

A text analytic study on 45 Swedish Climate municipalities regarding localisation processes in food and energy, 2009. *Madeleine Granvik*.

A national survey on the role of rural areas in spatial planning with focus on agricultural land, local energy production and co-operation between different planning levels. Ministry of Rural Affairs. 2011, *Madeleine Granvik*.

A study of the Counties of Stockholm and Uppsala regarding the food sector with focus on locally produced food. 2011, *Ingela Hallberg, Madeleine Granvik*.

Building

1. Traditionally, towns and villages were built and maintained plot by plot. Now, single building projects may encompass large areas or even whole towns. Correspondingly, the planning legislation in many countries (e.g. Sweden) is reflecting this by emphasising the role of the producers and developers, and the process of planning and building, but not the end result and related matters of quality.
2. With the tremendous growth of building projects, the construction sector has turned oligopolistic and local producers have faced increasing difficulties to cope. In Sweden, middle-size construction firms have altogether disappeared.
3. The effects on urban renewal and the built heritage have been disastrous as the traditional logic of urban maintenance and development has disappeared.
4. If local governments want to get a grip of the development, they have to instigate an active land policy, and favour the planning of land in their own possession.
5. In any case, local governments should try to promote competition by enforcing tender and by keeping the size of projects small enough to attract local firms.
6. Municipalities are influential real estate owners and in developing and maintaining their possessions, they ought to apply tender and to break down projects into sizes suitable for local entrepreneurs.
7. Research at SLU:

The planning and building legislation in Sweden. *Christer Bengs*
Swedish housing policy. *Christer Bengs*
Built heritage and the economy. *Christer Bengs*

Transport

1. Accessibility refers to the number of opportunities or activity sites available within a certain distance or travel time. Mobility refers to the ability to move between different activity sites. Accessibility has come to depend more and more on mobility, even to the point of decreased accessibility.
2. Accessibility improves the prospects for local economy. It reduces the incentives to satisfy ones requirements outside the community and keep consumers locally attached.
3. Good local accessibility can be improved by prudent land use planning.
4. Pedestrian and light transport can be promoted by making it generally available, safe and pleasant.
5. Local production of services can be promoted by decisions concerning public transport and services for particular groups like school children, elderly persons, handicapped, etc.
6. The position of the local government is important as it decides from where to buy transport services. By arranging tenders and breaking them down into suitable sizes, local entrepreneurship could be promoted.

Energy

1. In Northern Europe, with a huge reserve of bio-fuel and water resources as well, local energy supply could be applied, but over time the whole energy sector has turned more and more oligopolistic.
2. Wind power is an energy resource of increasing importance. In Denmark during the 90s, local initiatives were strongly supported by the national government. In Sweden, the national government has decided on a huge programme for promoting wind power investments, but most of the exploitation is large scale and massive, and not for local use.
3. Wind power has got a great potential for local use and it does not have to be developed as huge wind mill parks, but it can be based on small scale development and advanced technology (e.g. the turbine spinning around the mast) that reduces environmental impact. By getting connected to the regional or national network, locally produced electricity can be an important contribution to local as well as national energy supply in a way where national interests could promote local applications.
4. Correspondingly, also other forms of local energy production (sun power, bio fuel, wave power, etc.) could be locally applied by the facilitation of national or regional authorities.
5. Research at SLU:

A number of reports on wind power in relation to environmental impact assessments and with regard to the planning system as well. *Ulf Sandström, Christer Bengt*

Conclusions

- 1. *Land use planning*** is a strong mean for promoting local production that would match the requirements of local consumption.
- In a broader context, ***local political decisions*** affect the conditions for local producers by facilitating for local production and by acting as an economic agent in favour of enhanced competition, which as a rule levels the ground for small scale entrepreneurship.
- 3. *National policies*** are important in shaping suitable conditions for locally based development.