

INTRODUCTION

1. In an progressively more global world where there is a growing crisis in many regions, sometimes showing merely incidental and other times eminently systemic characteristics, there is an increasingly pressing need to find out about and reflect on local and regional development.

It is important to look at paths that will stimulate and sustain growth after the economic crisis. A better perception of the behaviour of different regional socioeconomic contexts and aspects is particularly important in framing the choices to be made, not only in terms of public policies but also different economic agents.

This number of *Povos & Culturas* is not intended to be a macro-economic work identifying pathways on which regional policies have a more effective role in supporting economic development. What it does is to portray and analyse situations, problems and proposals and conduct prospective analyses of everyday regional life in a number of countries. Many of these studies, such as those on Portugal, are based on a considerable amount of fieldwork in different places.

More than anything, this number is intended to constitute a useful, realistic contribution that helps to respond to current and future economic, social and environmental challenges facing different places and regions. Without disregarding some more academic reflections or analyses and experiences in political and institutional contexts other than Portugal, it describes aspects and concrete proposals for Portugal today. It therefore provides relevant information for those who have to define or implement measures aimed at local and regional development and better, more viable options, while bearing in mind that the realities mentioned occur in very different settings and that the various environmental and socioeconomic factors defining contexts can change very fast.

2. Different aspects of local and regional development

Development is plural and always complex, even when it is on limited scales, as shown by the articles from the contributors in this volume, which is in no way intended to be exhaustive. Rather, it is designed to make a useful, realistic contribution, as it is based on a great deal of fieldwork throughout the country. It does not, however, disregard other more academic reflections or analyses and experiences in other political and institutional contexts.

Sónia Sousa synthesises the main theories that have guided local and regional development strategies and programmes in recent decades. Her four main goals are to describe the main characteristics of these theories, to highlight their similarities and differences, to assess their main strong and weak points and indicate the regional context in which each theory offers the best framework for analysis, and, finally, to discuss the factors ignored by the main theories that recent empirical evidence has shown to play a fundamental role in regional development in an age of economic globalisation, such as institutional frameworks, the existence of a local milieu conducive to innovation and technological competitiveness and local entrepreneurial capacity.

Acácio Catarino, António Pinheiro and Carlos Laranjo Medeiros give us a study entitled *The Social Economy: a response to the crisis in the Castelo Branco district*, based on a revision of the concept of social economy. It endeavours to ascertain whether the current crisis is incidental or structural and clarify the social and economic situation in the Castelo Branco district in light of the crisis. It also looks into the situation and future viability of private charitable institutions and makes proposals as to how to prevent them from being shaken by the crisis and even help to reduce it, especially in local markets. After an analysis of different statistical data, it concludes that the crisis is structural and paints a picture of the current deterioration in the social and economic situation, which coincides with the feelings of the charities contacted during the study. The authors describe the charitable organisations in the district and the social solutions that they offer, the way in which they are organised and managed, their employees and service users, their financial sustainability and the constraints that they come up against. The study analyses their

contribution to local economies and their role in boosting entrepreneurship and volunteering. A national and international social economy benchmarking exercise identifies good governance and financing practices. In conclusion, the authors make a series of recommendations in the following areas: improvements in the regulatory framework and public initiatives, management for sustainability, the fight against poverty and an increase in the impacts of the social economy. They highlight the need to promote more and better cooperation between charitable institutions and between these organisations and the District Social Security Centre and local authorities, to step up the role of the civil government in this promotion and in using the potential of the social network, to create a balance between demands for quality in social facilities and the diversity and quantity of problems that they have to deal with and to foster the participation of charitable organisations in solving unemployment problems and stimulating the development of the good practices identified.

Luís Madureira Pires reflects on the role of companies as engines of regional development. His article focuses on three points: regional competitiveness, companies and regional development and public policy instruments for stimulating companies in Portugal. In a context of globalisation and therefore of growing competition between territories and economic agents, any regional development strategy must reinforce competitive factors. In addition to being based on human, material and natural resources, it must bet on stepping up companies' competitiveness and corresponding sustainability (knowledge and innovation and production and organisation processes), which will guarantee the creation of wealth, jobs, social cohesion and economic survival. He believes that it is only possible to step up productivity and competitiveness and promote growth potential and regional economic development with a strategy clearly committed to open growth and adaptation to innovation of the regional production network, often with the creation and consolidation of territorial clusters of companies (higher productivity, more entrepreneurship). It is also necessary to have advanced infrastructures, high quality accesses and competent support services, qualified, proficient human resources and acceptable context costs. Territorial competitiveness entails a balanced urban network structured on the basis of complementarities, good economic articulation between cities and rural areas, good intra- and inter-regional accessibility, more balanced location of

resources in the area and spatial allocation of infrastructures that fosters regional development and favours business activity. The issue of communications and environmental quality as a whole must also not be forgotten. The author then highlights the role of the public authorities and public policies in promoting external economies and more favourable business environments and increasing the attractiveness of the region. He devotes special attention to public policy instruments for stimulating companies in Portugal, especially the QREN, 2007-2013 and concludes that there is no real political orientation towards creating the right conditions for all regions to be able to fully contribute their resources to the country's development, as the different starting conditions are not considered.

Sónia Sousa analyses the direct, indirect and induced impacts of thermal spa activity on the local economy of São Pedro do Sul and Monfortinho, which are rural areas where the local economic structure tends to be fragile and undiversified and tourist infrastructures are often regarded as engines of growth and local development. The studies conducted so far in Portugal tend to be limited to an analysis of the direct impact on local economies – production, value added and employment generated by activities directly benefiting from the money spent by visitors to thermal establishments while ignoring the multiplying effect of other local business activities. The author endeavours to fill this gap by estimating the total economic impact (direct, indirect and induced) of a rural Portuguese thermal spa on the local economy and develops closed Leontief models for the economies of Monfortinho and São Pedro do Sul. Given the disproportional density of intra-industrial interdependencies between the activities benefitting directly from the spending of spa-goers and the other local business activities, Monfortinho is close to the minimum total economic impact, while São Pedro is close to the maximum economic impact of a rural Portuguese thermal spa. The estimates generated by the models suggest that every €100 spent by rural spa-goers in Portugal has an overall effect on the local economy varying between €140 and €156 in terms of local production, €70 to €80 in local value added and 0.0051 and 0.0053 jobs measured as equivalent to full-time annual work.

Carmina Cavaco discusses the central issues of sustainable development in small municipalities in the central inland area from the perspective of the Local Agenda 21, some of them engaging more in farming

and forestry, some more devoted to industry and others to tourism. She describes the steps in her methodology and the different options, targets and commitments. They include multi-sectoral and systemic approaches to local realities (environmental, economic, social, cultural, information, knowledge, political and institutional dimensions) and detailed, very up-to-date diagnoses from different secondary sources of information and information collected directly on a participative basis. She identifies the most important local problems, the people's concerns, particularities, specificities and identities and internal and external disparities and analyses different local sustainability strategies. She also builds a strategic prospective vision, a desired future and drafts a local plan for sustainable development, while respecting the principle of subsidiarity and valuing the intervention of municipalities and social control of the process. It is a clear, participative plan with joint responsibility based on consensus, commitments and bridges, with agglomerative axes and projects with different scales and actions, new or under way, to be continued or reformulated. It is a concise plan that defines expectable results, targets, responsible players, different levels of participation, the necessary resources (financial and technical), implementation times, deadlines with targets and timelines for access to potable water, sewerage systems, various goods and services, environmental conservation, poverty reduction and security problems. It is a process of transition to progressive, more extensive sustainability, ongoing improvement based on reality, potential and distances to be overcome, reflected in monitoring and assessment indicators. The perspective is always one of conflict-free integration between territories and their human groups, between ongoing development plans, projects and actions, between existing practices, local initiatives, and innovations, reducing resistance to change and fostering preservation of the environment and sustainable development. The author also clearly defines responsibilities, including those of central governments, in areas such as education, health, social security and innovation.

Paula P. Oliveira and Raul Jorge summarise the Local Agenda 21 in the municipality of Nazaré, which exemplifies the path of an Atlantic, agricultural and industrial borough that is also characterised by fishing and tourism, from the point of view of locally based sustainable development. It is a place where the sea is its most important natural resource. The

fishing community lives off it, the local tourist industry depends on it and the culture and traditions of the town of Nazaré are rooted in it and the municipality takes its identity from it. The sea component received particular attention in the Local Agenda 21, demonstrating the close relationship between the sea and all socioeconomic activities throughout the area. It is a critical asset for sustainable development, an environmental factor par excellence, full of challenges and opportunities that are there for the taking (aquaculture, shipbuilding and repairs, tourism, leisure, culture, including the underwater cultural heritage, science and technology). There are other dimensions not covered by conventional economic indicators, such as services to society that are not the subject of market transactions but have a significant impact on the community's wellbeing (such as recreational activities like going to the beach and the value of the coastal landscape). In the concrete context of resources, potential and fragilities, sustainable development in the municipality of Nazaré should aim at valuing the sea as a factor of identity, image and specialisation of development, enhancing the environment, restoring the town's identity, guaranteeing the future of tourism in the town and municipality and sustaining the diversity of its economic base.

Carlos Laranjo Medeiros and Mário Barroqueiro give us the Local Agenda 21 in Marinha Grande, a town that grew after the state established Real Fábrica de Vidros [a glass factory] in the mid-18th century. As time went by, a series of glass manufacturing companies were set up, some of which are now highly sophisticated and very competitive. The entrepreneurial spirit of the local inhabitants has led them to develop other clusters based on their glassmaking experience, such as moulds, which were later joined by plastics. In a municipality where business innovation has always been the cornerstone of its success, a vision of the future, within the framework of Agenda 21, was Marinha Grande – Land of Innovation, where sustainable development adapts the economic perspective, knowledge and innovation to the preservation of the environment and attention to social problems, thereby contributing to the local population's wellbeing. The following operational goals were proposed, along with the concrete actions required to achieve them: (i) fostering sustainable environmental management, (ii) supporting entrepreneurial innovation and (iii) intervening in social cohesion. In order to publicise the municipality and its production capacity, the authors suggest a commu-

nication and image strategy, which is why the final operational goal that permeates the other three is informing and communicating.

Stephen S. Fuller predicts strong economic growth in the Washington DC metropolitan area over the next 20 years on the basis of its role as national capital and its growing competitiveness as a local, national and global business location. The extent of its future growth will reflect that of its economy, based on the federal government and fundamental business activities, given its relative weight in the national economy and the fact that these sectors can be expected to grow quite fast in the next 20 years. In 2010-2030, the value of goods and services generated by its economy should grow 94%, minus inflation, along with the net creation of 1.58 million new jobs, 1.67 million inhabitants and more than 694,000 households. He also considers an alternative forecast based on the region's competitive advantages associated with the federal government and its functions as the nation's capital but stronger growth in the business area, incorporating sectors of substantial value added and high salaries. The economy of the Washington DC metropolitan area has shown relatively high concentrations of employment for a long time, although with slower growth rates than competing areas. An analysis of these alternative economic scenarios shows that the economy has higher growth rates than expected for seven market-oriented sectors and is strengthening its business base along with its historical advantages in the federal government and its role as the national capital. It emerges as a global business and government centre, and its economy may grow much more than originally forecast, adding an extra \$41.4 billion to the gross regional product in 2030. These growth rates in these key sectors will, in turn, generate an additional \$28.9 billion in workers' personal savings and support 481,225 new jobs in 2030. In order to meet these new requirements in terms of workforce and regional and multifaceted solutions, there must be a growing investment in the education and specialised training of young people and adult and middle-aged human resources in order to improve their productivity and further their careers (stepping up lifelong learning and opportunities to keep working and postpone retirement). If there is a shortage, then immigrant workers will have to be used, which will require the construction of new housing in the metropolitan area and outskirts, which will become a dormitory area, and new transport systems, water supplies, sewerage systems, parks and recreation centres,

clinics and hospitals, security services and cultural activities. There are obvious links between the development of the workforce, housing, infrastructures and the region's capacity to realise its real growth potential, although the true challenge for its future economic growth is the creation and implementation of an institutional instrument capable of covering and solving these other challenges on a long-term regional basis.

In her article, *From Shoes to IT*, Catherine Ledig shows how a rural region can beat the crisis in traditional industry and prosper and how local development can be based on innovation using new technologies. The example used is ADEC, a local development group in northern Alsace. She discusses its good practices, limits, the steps necessary to ensure its continuity and the effective participation of all players. The ADEC experience highlights the long-term importance of having a team of entrepreneurs and politicians deeply involved in a collective project focusing on the European Union and shows lessons learned that can be partially applied other areas.

Finally, Ellen Harpel takes us to the United States, where the professional and business services (PBS) sector has been one of the most important components in increasing employment and economic growth since the 1990s. This contribution has been particularly great in metropolitan areas, especially the larger ones. This and other services were considered counter-cyclical and less vulnerable to changes in the number of jobs during economic cycles, when compared to the manufacturing sector, for example. A considerable increase in PBS employment in the last period of economic expansion and a rise in unemployment during the last recession belie this idea. Recent research suggests that the PBS sector is actually pro-cyclical, with employment growth and contraction rates that exceed the total variation rate in net employment throughout the business cycle. This study analyses the veracity of this finding in metropolitan areas, where the highest concentration of PBS activities is located. It first examines the current distribution of PBS employment in different US metropolitan areas in order to ascertain whether the pattern of concentration changed during the recession. It then analyses changes in the PBS and employment totals in these areas from 2007 to 2009 in order to determine whether the sector is also pro-cyclical at metropolitan level and identify the variations between them.

3. The studies in this number are based on work done by IPI Consulting Network Portugal¹ (*The Social Economy: a response to the crisis in the District of Castelo Branco, Direct, Indirect and Induced Impacts of Thermal Spa Activity on the Local Economy: São Pedro do Sul and Monfortinho, Sustainable Development of Municipalities in the Central Inland Region: Local Agenda 21, The Local Agenda 21 in Nazaré and Local Agenda 21 in Marinha Grande*), by teachers running some of the companies in the IPI network (*The future of Washington Metropolitan Area economy: alternative growth scenarios and their regional implications and IT (Information Technologies) and Sustainable Development for Local Economic and Employment Development*) or by researchers working with IPI Consulting Network Portugal (*Theories of Regional Economic Development: a brief survey, Companies as Engines of Regional Development and Recession and Professional & Business Services employment in the US: no safe haven*). We are deeply grateful to all of them and to the institutions that commissioned some of these works and authorised their republication. Our special thanks also go to Maria Alzira Serrasqueiro, Civil Governor of the District of Castelo Branco, who, being aware of the importance of regional development in preserving the present and winning the future, granted the CEPCEP a subsidy that made it possible to publish this number.

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¹ www.ipiconsultingnetwork.com