

1. THE INTERCONNECTION BETWEEN GLOBALISATION AND LOCAL DEVELOPMENT

In recent years the idea of globalisation has been a major theme for politicians, academics and social actors. Globalisation involves the internationalisation of the economy, of politics and of culture, and it is such a complex process that it makes the mind reel. The only thing it can be compared to is the industrial revolution. All indicators of interaction between individuals in different countries, between firms, social groups, trade unions and civil organisations show that this process of international interconnectedness is a powerful and ongoing phenomenon.¹

Some authors maintain that in a historical context this phenomenon is not so new. They say that throughout the 20th century there was considerable globalisation of markets (Arocena, 1997; Williamson, 1997). They point out that before the First World War direct foreign investment stood at around 9% of world production, while in 1991 it was only 8.5%. In 1913, the percentage of foreign trade over national product in countries like France, Germany or the United Kingdom was similar to the level in 1994. We cannot deduce from this that the world was more or less globalised a hundred years ago, just that the levels of globalisation are comparable. What is more interesting is that after the globalisation phase at the beginning of the 20th century there was a period of strong protectionism which lasted through the two world wars.² There was even a hypothesis that protectionist policies, selfish nationalism and racist extremism could have been a defensive reaction against the threat of globalisation.

On the other hand, other authors maintain that the increase in interaction between the different economies of the world in the last two decades of the 20th century is without precedent (Rodríguez-Pose, 2001). Although it is acknowl-

1 Francisco Gatto, 'Globalización y Regiones. La construcción de ventajas competitivas localmente específicas', in *Local Development in Globalisation*, Latin American Centre of Human Economics (CLAEH), Montevideo, 1999.

2 Carlos Zaldívar Alonso, 'Para participar en el debate, pulsar sobre el icono globalización de la economía', in *El País*, cited by Arocena, Madrid, 1997.

edged that most world trade and foreign direct investment takes place between developed countries, it is also a fact that in recent years the biggest relative increase in trade and in foreign direct investment has been with developing countries. At the same time, many of these countries have opened their borders and changed from an import substitution model of industry or from a centrally planned economy to systems that are relatively open to the free market.

In spite of these observations, our understanding is that although economic aspects that have to do with finance and the flows and mobility of capital are generally alluded to as the consequence of globalisation, the process is considerably more complex and it is not limited only to the worldwide interconnection of markets. As Camdessus³ says, it is not possible to measure globalisation only according to indexes of foreign investment or percentages of foreign trade since there is no single globalised dimension, and in fact the outstanding characteristic of this phenomenon is that it is multi-dimensional.

Bervejillo⁴ is of the opinion that there are at least five dimensions which must be borne in mind when talking about globalisation:

- *Technological*: the creation of a new global space by computers, telecommunications, and the development of new technologies in transport and in the control and management of processes.
- *Economic*: a new transnational financial system, the internationalisation of consumer markets and productive processes, and the internationalisation of firms.
- *Cultural*: the development of the electronic mass media which allows simultaneous access to information.
- *Political / institutional and ideological*: a new multi-polarity in a space of hierarchies and domains, and also the construction of new global regulations.
- *Physical / environmental*: a degree of uncertainty about the future evolution of human activity.

Although it is often maintained that one of the trends in globalisation is homogeneity (the same products, the same preferences, the same culture all over the world), the reality is that there is great heterogeneity between different places when it comes to opportunities and risks. The effect that was initially expected

3 Michel Camdessus, 'Reglas, instituciones y estrategias para el bien común de una economía global', inaugural report at the international conference 'Economic growth - For what future?', Jaques Maritain International Institute, Rome, 30 November to 2 December 1995, published in *Estudios Sociales*, No. 88, Santiago, 1996, p. 11.

4 Bervejillo, Federico, 'Territorios de la Globalización. Nuevos procesos y estrategias de desarrollo', in *Revista Prisma* No. 4, Universidad Católica de Uruguay, Montevideo, 1995.

was that there would be homogenisation in consumption and in cultural, economic and political patterns, but the process that has subsequently emerged is far more complex. Certainly, many enterprises and regions have managed to adapt and have benefited greatly, but at the same time the opening of national economies has left many local economic structures vulnerable because they have little or no capacity to compete in the globalised ambit. This has caused local productive structures to disappear and has led to unemployment. In other cases, when employment has subsisted or has been generated to serve the global economy, it has contributed to working conditions deterioration. Workers with lower level skills are finding it more difficult to obtain employment and this is causing the informal sector to expand and precarious work to increase. Another factor is that our perception of the globalisation process from the national or local point of view has a direct connection with the consequences of that process.

Bervejillo also says that while globalisation opens up opportunities for different regions it also poses new threats.

This author⁵ has identified four ways in which these new threats become manifested. First, there is the threat of *marginalization or exclusion* for places or districts which are not, or which have ceased to be, attractive and important for the world economy. Now that State protection has been removed, many places have to face the real possibility that they will stagnate, slip backwards, or be abandoned. Second, some regions may play a role of *subordinate integration* in that they will depend on external global actors who do not have roots in the region and who have no responsibility for local society there. Their links with local society are extremely fragile, so they can withdraw their investments when they see more advantageous conditions elsewhere. Third, there is the possibility of *economic and social fragmentation, dismemberment and disintegration* in certain territorial units, regions or cities. This depends on how those units are inserted into the global system. In some cities this fragmentation can result in a split between the 'globalised' population sectors and those sectors that are not globalised. Lastly, there is an *environmental threat* caused by the imposition of a development model that is not sustainable.

Globalisation can also be seen as an opportunity for regions to develop, and this can follow two main lines. First, for some regions it can lead to better access to global resources in terms of technology, capital and markets, which can mean a rise in the value of endogenous resources. When this happens, globalisation would be a window of opportunity for places which have strategic capacities that are in demand.⁶

5 Bervejillo, Federico, *op. cit.*

6 Bervejillo, Federico, *op. cit.*

To see the process of globalisation as an opportunity means approaching the global-local dilemma from a minority point of view. Arocena⁷ distinguishes three ways in which the global-local question can be approached.

- The first is to see globalisation as a threat which tends to eliminate autonomy in local affairs and with it the local or regional actors who could offer resistance to the globalisation process. From this perspective, local development becomes impossible as long as international conditions remain unchanged.
- The second way is to see local conditions as an alternative for confronting the threat of globalisation, and this involves a kind of 'anti-global revolution' which would allow local actors to regain their power. This way of thinking is a rallying point for those forms of political and cultural resistance to the globalisation process which can lead to nationalist demonstrations or the formulation of political projects that strongly emphasise the recuperation and conservation of those elements which characterise a particular local society. Unlike the first perspective, in this one the local actors play an important role since they are 'in charge' of breaking global hegemony. However, both of the views see globalisation as a threat.
- The third way of approaching the global-local relation, according to Arocena, is somewhat more complex. It attempts to set up a way of connecting the local to the global with the idea that globalisation is an opportunity and a challenge to be met and exploited so as to promote local development. Good examples here are regions that have more or less successfully inserted into the new global logic, sometimes in a way that is passive or functional to the global situation, and sometimes exploiting characteristic and individual aspects of societies and districts and their productive network with a distinctive strategy for competitiveness. The possibility of complementarities between globalisation and local development is well expressed by Girardo,⁸ when she notes that '(...) *the world market has a growing need to diversify and differentiate products and consumption; and in this way what is produced at the local level is coming to be more valued since it adds individuality, quality and value to products that will compete in the global market.*'

Apart from the historical importance of the process, it has been clear that there is renewed interest, both academic and political, in trying to understand how regions and places construct their strategies for economic insertion into the

7 Arocena, José, 'Globalización, integración y desarrollo local. Apuntes para la elaboración de un marco conceptual', in *Persona y Sociedad*, ILADES, Santiago de Chile, 1987.

8 Girardo, Cristina, commentaries included in Hualde, A., *ibidem*.

global market. From the academic point of view, the process begins with questioning neo-classical perspectives and with the new flowering of theories of economic growth that are mainly focused on endogenous growth. This has continued with ideas grouped in theories of endogenous development, and more recently in the focuses on local economic development.

With reference to political issues, the possibility of evaluating the effects of economic liberalisation policies has led to an increasing interest in knowing how different places have been using strategies that are original and individual in their productive and social characteristics to successfully, or relatively successfully, counteract the most regressive effects of globalisation.

In an attempt to identify the historical factors that have contributed to the renewal of theoretical speculation, empirical interest and regional policy, Hualde⁹ emphasises the following as variables:

- The crisis in the Keynesian model of the nation state and the emergence of other actors such as transnational corporations.
- The delegation of responsibility to regions, which is characterised by a vindication of their competencies and their greater decision-making power. These phenomena have led to the trend towards decentralisation and regional autonomy.
- Criticism of the classical 'up-down' regional and industrial policy.
- A new conception of space in the light of the development of communications and computer technologies.
- Novel forms of organisation in companies, making them more flexible and decentralised.
- The important role of learning and knowledge.

When we look at Latin America it is clear that not all the different regions have regarded globalisation as an opportunity for development. During the 1990s there was in fact less growth in Latin America and the Caribbean than in the 'lost decade' of the 1980s. Rodríguez-Pose¹⁰ points out that only a limited number of spaces seem to be taking advantage of the new opportunities thrown up by the globalisation process. In general, the most prosperous regions tend to be those that have something to offer markets which are expanding beyond the traditional local and regional spheres.

9 Hualde, Alfredo, 'El territorio como configuración compleja en las relaciones entre educación y trabajo', in *Desarrollo local y formación*, in the *Tools for Transformation* series, Cinterfor/ILO, Montevideo, 2002.

10 Rodríguez-Pose, Andrés, *The role of de ILO implementing Local Economic Development Strategies in a globalised world*, Local Economic Development Programme (LED), policy document, London, 2001.

The same author warns that the empirical evidence tends to show that there are relatively few examples of areas in the globalised world that are dynamic. This is something that can be seen in comparisons between countries and in comparisons between districts inside countries, and in the different capacities to adapt which various regions and places have.

These observations indicate, first, that like at other times in history the globalisation process is tending to provoke a reaction to the new contexts that are taking shape, and this reaction may be to resist or it may be to adapt. Second, this globalisation process does not necessarily work against the upsurge of endogenous development in certain places, in fact it may even be encouraging them. What is very clear, however, is that globalisation does tend to challenge the importance of national states in their role as the main protagonists *per se* in development processes.

We can ask, then, what kinds of options are open to people, enterprises and regions if they are to successfully insert into the globalised economy through development processes which are sustainable and which generate quality jobs. The first fact we have to face is that there is no single model to meet this challenge. Diversity in the nature of people, enterprises and places means that the possible strategies that can be adopted are also diverse.

This is one of the clear differences between traditional development policies and new development policies at the local level. While the former were oriented according to common guidelines that could supposedly be replicated, the latter are always as original and as individual as the spaces they spring from.

Asturias: Valle del Nalón Technological City –VALNALÓN S.A.

Valnalón is the first Enterprise Centre to be set up in Asturias. It came into being in 1987 as part of a wider local development project which included a new technology training centre, a hotel management school and an industrial estate. It is located in La Felguera (Langreo) in what used to be the old Duro Felguera steelworks, which was taken over by ENSIDESA at the end of the 1960s and finally closed down and demolished in 1984.

Nowadays, the Enterprise Centre consists of three buildings. Two of them are house firms engaged in a variety of activities, and they contain 15 industrial premises and 28 offices. The third, which is called Incuv@tic, is for enterprises in the information and communications technology sector, and it has eleven offices of between 12 and 45 square metres.

The total floor space available for companies (including Incuv@tic) is 3,753 square metres. Of this 1,337 is office space and 2,416 is for factories, with units ranging from 70 to 450 square metres.

Since Valnalón was inaugurated it has been home to 64 enterprises of which 54 were newly created at the time they moved in. Twelve of the latter have since closed, which is a 22.22% reduction.

At present, there are 30 enterprises in Valnalón, and they occupy 86.78% of the floor space and 72.22% of the available premises. The residents of Valnalón include the Valle de Nalón Association of Entrepreneurs, SOGEPSA and ENERNALÓN.

The Enterprise Centre is legally constituted as a public limited company and mostly made up of the Regional Promotion Board (SRP). The administrative board is headed by the General Director of Industry and Mining, and SODECO, Langreo City Council and SRP are also represented.

The enterprise centre offers the following communal services:

- **Basic communal services** - reception of calls and messages, reception and distribution of mail and faxes, digitalised telephone exchange, internal and external telephones, personalised answering service, re-direction of individual calls, basic internet access (ADSL, TELECABLE), voice and data networking, conference rooms, library, cleaning and maintenance of communal areas, alarm system, access and control system, and heating and air conditioning.

- **Additional** communal services - fax, photocopier, typing services, computers, plasticization, book and document binding, furniture hire, office cleaning, company registration, advanced internet access (ADSL, TELECABLE), scanner, automatic CD copier, projector, overhead projector, video conferencing, laser colour printing etc. through network access, and the rental of training classrooms.

Besides the above, the main **added value elements** are as follows:

- Since its inauguration in June 2000, Technical Support Service (**SAT**) Centre has offered, free of charge to all resident enterprises, counselling and information about all aspects of new technology (computers, networks, the internet, data lines, video conferencing, etc.). Up until now, 251 enterprises have used SAT services and there have been 1,441 activities. The outstanding ones are as follows:
 - **Demonstrations:** promoting and supporting small and medium sized enterprises through the analysis of practical and real cases with different technologies.
 - **Computer and information technology counselling:** attempts to provide concrete answers to problems that occur over and over again in companies.
 - **Assistance in self-training:** self-training in companies is supported in a way that is practical and applied to real situations, and this can be set up by reserving a few hours each day.

In addition, there have been presentations, chats, lectures and visits to trade fairs and business events. These have involved presenting SAT objectives and activities to countless enterprises.

SAT at Valnalón is managed by the Training Fund, and it is part of the network of SAT centres of Asturias.

- **Seedbed for projects.** This went into operation in 1992. It was the first in Asturias to offer male and female entrepreneurs the possibility to study business projects in the business centre itself.

It has seven work points which the entrepreneurs can use from 9.00 to 19.00 hrs. Those who work are offered on-line or telephone counselling, they are provided with materials so they can prepare their project at home, and interviews are organised for follow-up and a review by the tutor.

In 2001, eleven projects went through the seedbed, by June 21 of the following year it had been involved in 20 projects, and at the time of

writing there are 17 projects in operation, which is the busiest it has been since it was inaugurated.

In addition to this, a management manual for the seedbed for projects is currently being prepared.

- Training plans for **entrepreneurs**. These are centred in the **Chain of Training for Entrepreneurs** which offers different types of activities ranging from primary education to company consolidation.

Primary education: A method for developing business culture in primary education through the creation and management of a schoolchildren's cooperative. The project is aimed at the whole teaching community (schoolchildren, teachers, mothers and fathers), and 265 schoolchildren in 19 primary schools have taken part. The training involves the preparation of didactic materials.

Compulsory secondary education. A method for developing business culture in compulsory secondary education through creating, managing and commercialising international trade companies (Young European Enterprise). In this project there are 236 students in 9 institutes in the region. There are workshops, courses and visits, and the training is completed with the preparation of didactic materials. The whole of the educational community takes part.

Pre-university and training programmes. Methods for developing the entrepreneurial culture at the pre-university and training programme level through business orientation activities, courses on how to set up companies, workshops and seminars. As of the time of writing, 7,529 students had taken part in this. Training is completed with the preparation of didactic materials. The whole educational community takes part.

University. Business orientation activities involving chats, courses and counselling. Didactic materials are prepared. It is a project for students as well as teachers.

Business Ideas Competitions. Each year there is a competition for business ideas, and this is in two parts:

First, for pre-university and training programme students who have an idea and wish to develop it into a business project.

Second, for entrepreneurs who are developing their project in the framework of Valnalón business seedbed.

Sensitisation training: Centred on pre-university and training programme students.

This is structured in two phases:

Motivation: There is a chat in school time. The first part covers the socio-economic environment and ways of entering the world of work, and the second part tackles the vocational alternative and how to set up enterprises.

Course: After the motivation phase, courses on setting up enterprises are offered. These consist of 20 hours divided into 5 sessions of four hours, and they are run outside of school time.

Specific projects: These are for pre-university, training course, and university students.

The va'l Mercau School: This is a project for primary schoolchildren to run cooperatives, and 19 schools in Laviana, Sobrescobio, San Martín del Rey Aurelio, Tineo and Siero have taken part.

During the course, the students carry out various company activities that range from deciding on the legal status of their enterprise to designing the sales point. On the 2001-2002 course there were 265 students.

Young European Enterprise. This is an initiative which blends education with business. The general objective is to spread entrepreneurial culture among young people of different nationalities. The course is built around creating, organizing and managing a students' import-export cooperative.

This set-up means that the students reach three objectives that are more specific: acquiring knowledge about enterprises, developing entrepreneurial capacities, and working in a team, and all the while they are handling new technologies and using a foreign language as an instrument of communication.

Nine institutes from Laviana, San Martín del Rey Aurelio, Siero, Oviedo and Grado have participated in the project, and a total of 236 students have exported their products.

The enterprise skill: This is a vocational orientation project that involves the use of videos, magazines and one-day events. The magazines are about vocational sectors in which a considerable proportion of the people involved are self employed. Each issue deals with a main subject which

has to do with an area of interest like cinema, adventure sports, new technologies, etc.

The one-day activities are designed to coincide with events like Gijón International Film Festival or with one-day events and seminars at the educational centres themselves. A total of 2,686 students from 37 institutes of secondary education have done this course.

Entrepreneurs Workshop: This is a sensitisation and motivation programme whose main objective is to imbue young Asturians with the spirit of business enterprise.

A total of 7,529 male and female students from 76 institutes of secondary education in the region have done the course.

The candidates are students who have finished the training stage either in institutes of secondary education (pre-university or training programmes) or in training/employment systems (workshop schools, employment workshops and occupational courses).

Teacher Training: This is a programme for training and counselling teachers from educational centres. There are courses in business training run in cooperation with the teacher and resource centres of the Board of Education and Culture. In 2002, three courses were run and a total of 50 teachers took part. Besides this, work groups are coordinated to prepare didactic materials oriented to education for business initiative. At the moment, 28 teachers from primary and secondary schools are involved.

Young Entrepreneurs Library: Publications are an important element in the diffusion of business projects. The young entrepreneurs' library has materials in a variety of formats (books, magazines, videos, CDs) for students, teachers and entrepreneurs who are putting their own enterprise into operation. Fourteen items have been published.

Visits from schools: Observation of a business environment can motivate people to set up new enterprises. Young people can become familiar with observation and exploitation as capacities connected to business undertakings. In line with this idea, 750 students from 25 educational centres have visited Valnalón.

Source: Study of the evolution of Public Enterprise Centres in the Principality of Asturias

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