

The Economics of Local Development

Creating Entrepreneurs
Through Public-Private
Partnerships

Professor Alan W. Dyer
Department of Economics
Northeastern University
Boston, MA USA

Reggio Calabria
4-8 June 2011

I. The Challenge

- Stimulate economic activity for sustainable urban regeneration
- Market-based initiatives
- Market components: Production, Exchange, Consumption
- Public-private partnerships: intervention, redefinition, or refinement of the market

Markets and Local development

- Creativity at the margins
- Where? local vs. global development strategies
- Who? local entrepreneurs
- How? local innovation

Market components

- **Production:** productivity and costs of production
- **Exchange:** measurement and search costs
- **Consumption:** disposable income and tastes

A role for public-private partnerships

- Given development goals, what type of market does or could assist in meeting them?
- What market components (P-E-C) stand in the way of meeting these goals?
- What aspect of each component can be altered in order to remove the obstacle?
- Are the barriers to market-based development due to local infrastructure (physical, as well as social and political)?
- Can these infrastructure barriers be removed?

II. A simple model



- Entrepreneur



- Innovation



- Economic development

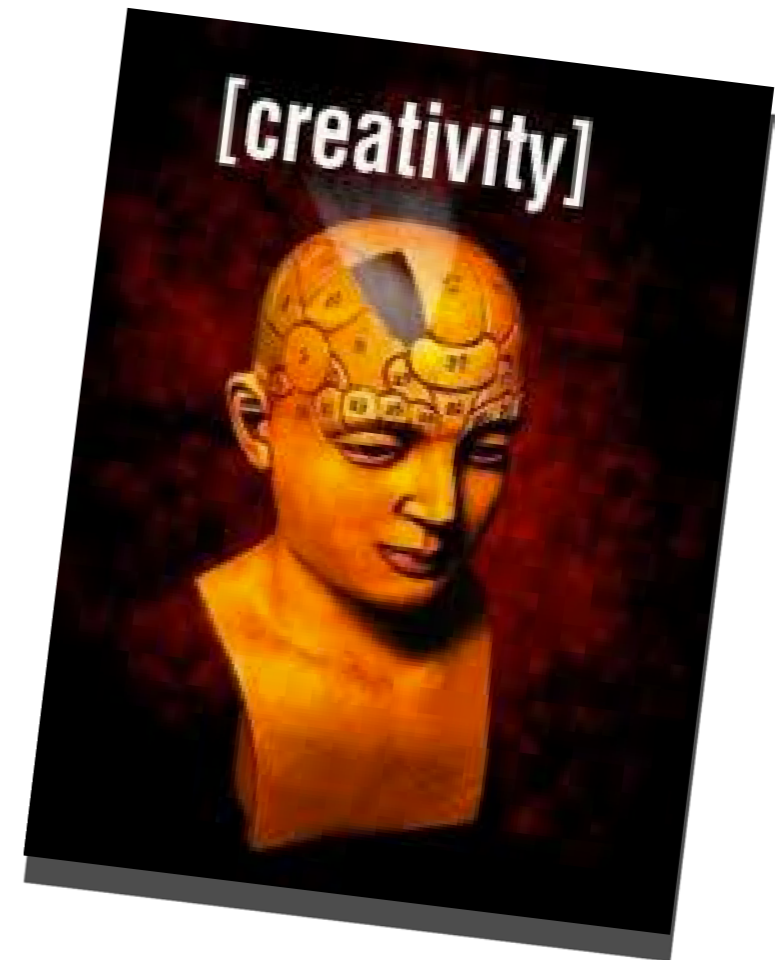


Entrepreneurs

- Entrepreneurial spirit is local
- Entrepreneur's personality: innovating vs. inventing vs. managing
- Education and training: can "vision" be taught?

Innovation

- New products
- New markets
- New technologies
- New methods of production



Economic development

- Quality vs. quantity of markets
- "Filtering" innovations through public-private partnerships
- Development goal: locally inspired urban regeneration
- Development goal: sustainable growth

III. From mind to market

- Innovation



- Collaboration



- Commercialization



Innovation



- Renewable energy
- Bio-technology
- Retail districts
- Art districts



Collaboration

BOSTON REDEVELOPMENT AUTHORITY
BOSTON'S PLANNING AND ECONOMIC DEVELOPMENT AGENCY

Thomas M. Menino, Mayor
Peter Meade, Director

**ADVANCING
ENTREPRENEURIAL
SUCCESS THROUGH
EDUCATION
NETWORKING
AND FUNDING**

- **Economic gardening:** innovative entrepreneur-centered economic growth strategy to grow existing businesses in a region. A prototype strategy for generating sustainable economic growth. Focuses on providing competitive *information*, physical and quality-of-life *infrastructure*, and *connections* among and between businesses and other community assets such as higher education, government programs, and business services providers.



Commercialization



- **Local knowledge: Production, Exchange, and Consumption**
- Know what is produced, sold, shipped through the local economy and how to get this information to a local or prospective employer.
- Identify and impart knowledge of the strengths of the local quality of life in easily accessible forms.
- Know the facts about the local workforce and be able to communicate those facts to local or prospective business.

IV. Conclusions

- Local development

- *The local community must understand itself finally as a community of interest--a common dependence on a common life and a common ground. And because a community is, by definition, placed, its success cannot be divided from the success of its place, its natural setting and surroundings: its soils, forests, grasslands, plants and animals, water, light, and air. The two economies, the natural and the human, support each other; each is the other's hope of a durable and a livable life. (Wendell Berry, **Home Economics**.)*

- Sustainable development

- *Children stroll down once crumbling streets. They attend effective schools and play in refurbished neighborhood parks with a variety of recreation programs. Families live in quality affordable housing, where reasonable rents leave them with more disposable income. They can shop for healthy foods at urban farmers markets and buy goods at renewed retail corridors. They can shop for healthy foods at urban farmers markets and buy goods at renewed retail corridors. And, parents have access to a range of health care, child care, financial counseling and employment services to help them stabilize their family's outlook and build assets for the future. (**Local Initiatives Support Corporation** website)*