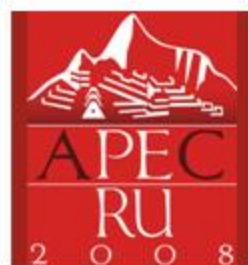


At the roots of local economic development

Mr. Johann Spitzer
Chair, SMEWG
2008 – Kaohsiung



“The strength of free peoples resides in the local community. Local institutions are to liberty what primary schools are to science; they put it within the people's reach; they teach people to appreciate its peaceful enjoyment and accustom them to make use of it. Without local institutions a nation may give itself a free government, but it has not got the spirit of liberty.”



Alexis DeTocqueville

Defining local development

It is a political process which enhances community partnership in order to improve, through human-centered policies, the development of society's well-being by preserving human dignity.



Local development - political process: considering **Politeia** (πολιτεία)

- Polis: a city-state which enhances local development at social and economic levels.
- Politeia – government, policies, rules and institutions that pursue the well-being of society.
- It is a process where social agents govern a particular polis, often centered around a citadel.



Citadel: the axis where the polis revolves



Economic freedom

An orange rectangular box containing the text "Economic freedom". A thin orange line connects the bottom of this box to the bottom of the "Market" octagon.



Political freedom

An orange rectangular box containing the text "Political freedom". A thin orange line connects the top of this box to the top of the "City government" octagon.



Cultural freedom

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Pursuing a free and virtuous society

Sound local market economy

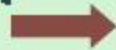
To encourage a local market economy, we should consider human freedom at its three levels; if we don't, economic development will be deterred due to antagonistic policies which create instability and conflict.

“The development is the new name for peace”
Paul VI



Human being at the center of policies

Aim of the local
political action



Criteria for
discerning policies
performance

Improving human oikos...



Community partnership and entrepreneurship

Local Government	Set up the socio-economic environment
Private sector	Foster economic entrepreneurship
Third sector	Foster social entrepreneurship



Principles for Local Economic Development through SMEs: considering the human-centered approach

1. **Principle of aim:** Local economic development as a way to foster human development.
2. **Principle of holistic freedom:** “One is bound to the other” we cannot pursue economic development without considering correlation among the other spheres of freedom.
3. **Principle of human capacity:** The human being is capable of doing good; a Leviathan is not required to enforce the well-being of society.



Principles for Local Economic Development through SMEs: considering the human-centered approach

4. **Principle of realism:** Local problems require local solutions.

5. **Principle of community and partnership:** Common problems are not resolved through individual solutions.

6. **Principle of subsidiarity:** The central authority should have a subsidiary role, performing only those tasks which cannot be performed effectively at a more immediate or local level.



Subsidiarity and SME promotion

Dimensions	Characteristic	Consequences
Vertical	Decentralizes decision-making, competency and diverse political institutions function from the national to the local level.	Foster freedom and responsibility and check and balance for central government
Horizontal	gives the person the right and responsibility to attend his/her needs and the needs of their community.	Foster social entrepreneurship

It is beyond a decentralization process; it is a bottom-up process. It impels social creativity and responsibility with your locality.

Subsidiarity and SME promotion

Outsourcing of economic services :

- Trade facilitation
- Business licenses
- Business environmental enforcement
- Business strategies implementation
- Research services (tech-vouchers)
- Business formalization
- Taxation services

Subsidiarity and SME promotion

Outsourcing of public services :

- Health services
- Education services
- Social work
- Infrastructure (project selection and financing)

Subsidiarity and SME promotion

When public government and its support go beyond its limits and do not share with SMEs the challenge of social-economic development; governments lead to a **loss of human energy** which is dominated by bureaucracy; the **entrepreneurship potential is weakened, responsibility with the community is undermined**, the citizen is no longer the owner of its future and the **spirit of liberty gets lost**.

Gracias!

Mr. Johann Spitzer

2008 – Kaohsiung

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