

**BRINGING THE POOR INTO THE EXPORT PROCESS: THE
IMPORTANCE OF DIVERSITY, DIFFERENTIATION AND PUBLIC-
PRIVATE PARTNERSHIP AS AN ECONOMIC ENGINE FROM THE
LOCAL APPROACH**

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The debate over whether the strategy of export promotion aimed at poverty reduction should be under a national, regional or local optic is raging stronger than ever. CEPAL has made studies in this respect, mainly through the Latin America and Caribbean Institute of Social and Economic Planning (ILPES). These studies offer important conclusions such as one that states that “a national system of regions has as its main purpose to guarantee diversity inside the necessary national unity” (Lira: 1990). In order to further understand this diversity, I believe that is better that the closest and most local kind of government are where the designs and operation of the economic promotion strategies should be, in this specific case, for the International trade strategies. Why is this? My proposal is viewed as a spiral from the local, to the regional, to the national spheres, is what works best for International trade in a country that is developing, and therefore improves the economic condition of its population. Diversity is one of the axis that sustains this spiral, since diversity emerges from the local sphere, and from this diversity emerge the creativity and differentiation elements, key factors for the success of any product in outside markets. Then, Diversity, and one of its prime consequences, Differentiation, generates a duo (D&D) that constitutes as a pair the first of the proposed axis. But, one should not lose sight of the exogenous elements that the local sphere cannot control. Here comes into play the skill and art to manoeuvre the local D&D in the winds imposed by outside elements. D&D thus defined is something that can and must be supported in each region.

D&D can be resolved in two different ways: For regions with existing and clearly identified D&D, or for regions in need for a conscious, planned and clearly diagnosed process to identify its D&D. The focus of this article is not in how to generate the process but how to take advantage of existing D&D in a given region.

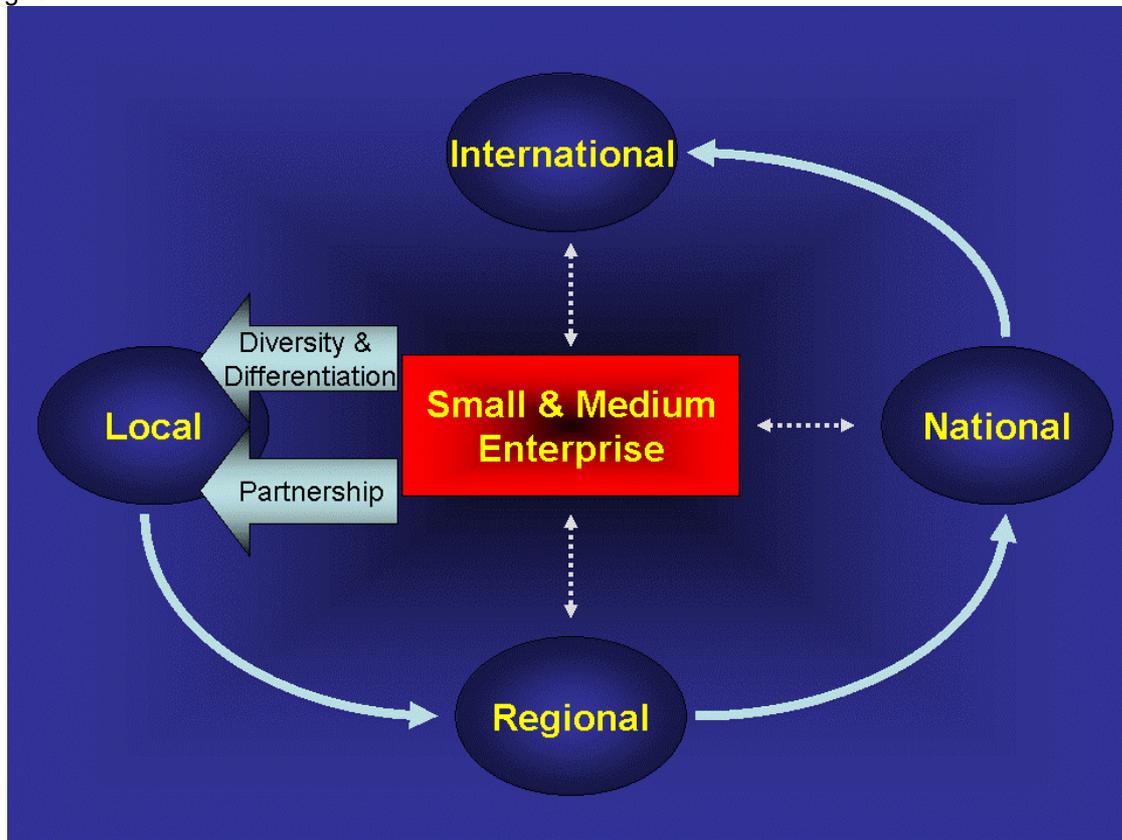
A second element in this analysis is the other foundation for the development of International trade in a region. This is that the private and public sectors work in a planning, innovative and result oriented partnership. For an authentic alliance between society and government to be, it is very important that the key actors agree not only in concept but in a series of elements on which the success of the alliance depends on:

1. Good RELATIONSHIP between operative levels (even friendship);
2. Constant NON INTERFERENCE among high authorities on both sides;
3. An INNOVATIVE project;
4. The CONVOCATION of a specific group of enthusiastic beneficiaries;
5. The SOLUTION of specific and concrete needs of the group;
6. Clear and PRECISE RULES of who does what;
7. A constant, fluid and honest COMMUNICATION; and
8. The BESTOWAL of an important accomplishment for the involved institutions.

All of the above framed in the local sphere. The key to the success here is the local sphere. Achieving a relationship of friendship between actors in the national sphere is quite complicated, for example. The same happens with convocation. This must be with a small homogenous group to increase the probability of success. In turn this group is intimately linked to specific needs that need solving: Very local needs. This is why the local sphere holds the key to success of outside trade.

In a global picture, I see that if the strategy to bring the poor into the export process is through the Small and Medium Enterprises, the policy makers should have in mind the model that I am bringing into debate and it is showed in the Fig. 1

Fig. 1



The spiral that I previously mention is now clearer: The SMEs “lay” in the “bottom” on the society (many poor people has the hope of a better way of life in the success of one idea in an enterprise or at least the idea to have some). Then I suggest that the best way to “hook” the SME and get some “push up” is through the D&D and Partnership within the local level, the closest level, the level in which the D&D are better understanding and there are more personal relations to develop a strong Partnership. Then, once the SME start to “push up”, they can find more places to “hook” in the regional, national or even international level in order to “climb” in the society and improve the previous situation of the SME and all the members of it.

We all know that the death rate of a new SME is shorter than the society requires. In some countries, for instance in Mexico, 75% of the SMEs does not survives the first two years in the market. With this two “hooks” in a local level, I am suggesting a more stable and strong “birth” of the SME, therefore, more possibilities to survive.

I will sustain this statement with 4 factors that I believe are key in develop strategies to bring the poor into the export process and why is important that the local level remain as the core and origin of the effort, as well as the importance of the D&D and Partnership in the same level.

1. Political actors. Here, essentially I believe that if the national political actors are the ones who design and operate a program to solve, in this case, poverty problems and international trade to solve it; the local community could or could not be real commitment with that particular program and therefore, the problem could not be solve or solve partially. Why is this? Because most of them are not part of real process of real open talking and listening with all the involve actors on the problem. As Adam Kahane in his book “solving tough problems”

says that for the success of a tough problem (and I think that poverty is a tough problem), the scenarios of possible solutions must come from a process on which open talking and listening with all the involved actors are the key. My point here is that national agencies are actors too, but they do not live in most of the cases in a poverty region. In general, most of the federal capitals do not reflect the poverty situation of a nation and therefore they do not have the diversity and differentiation point of view of the problem. Therefore, a real team commitment to come with creative solutions (international trade) to a tough problem (poverty) should be split in many regions as the diversity and differentiation of a nation has, with local actors, both public and private, deeply involved in the design process and empowered to take actions and to negotiate.

2. Natural and demographic resources. These elements, I believe, are more obvious on the diversity and partnership and the importance in the spiral: from the inside out, from local to national. It is not the same demographic situation in Mexico City than in Guadalajara city or in Chiapas State. The age pyramid in each place is different, same with education, ethnic affiliation, religion, family size and almost every demographic indicator. The policy makers cannot make the same strategy for a community in which many of the adult male population has migrated to a different country than for an urban area full of human resources looking for a job. The same happens with the natural resources. Perhaps some region has a lot of water and few kilometres ahead is a semi arid region. Some places have beaches, some other has mountains, some other rain forest, cold weather, hot weather and so on. These characteristics are the origin of the D&D and are also more notorious in the demographic and natural issues; therefore the local agents know and understand much better the situation of the community than the national actors.
3. Technological development. This I think is the most challenge factor to bring back to the local level. Research, Development and Innovation (R&D+I) are more frequently associated to the large companies and federal government. However, I believe that the R&D+I are even more effective in the local level due to the D&D and the partnership that in that level the people can find. The main problem here is the infrastructure (i.e. universities and laboratories) and economic resources to do the R&D+I. But if we see some examples, like Italian ceramic clusters, we find that the R&D+I played a key role in the development of the regions and actually many of the Italian clusters save communities of the unemployment and are now major exporters not only of finished goods, but also of technology. But the challenge remains for the developing countries and in the least developed countries. The Diversity and Differentiation are detonators of technological development in the sense of variety of thinking, the existence of unique things in the region and other variables that for sure can help in the creative process, helped with the appropriate social network that allows good partnership.
4. Culture is the element that gives identity and strength to diversity and generates differentiation. Culture is stronger as the circle closes. Take for example one of the key elements of culture: its symbolic linguistic code. Ways of speaking are diverse, sometimes very different, inside each country. These differences vary from dialects, to the use of words with wildly different meanings, stresses and accents. As one closes the circle to smaller regions, the differences also diminish until one finds very homogeneous cultural traits. This is no doubt a strength to build, as previously said, from the inside out. However, as the technological factor, the challenge is great. The differentiation can play a double play here: the things that work for an area, perhaps cannot work for the rest of the world. The role of partnership is here more needed than perhaps in the other factors. This partnership has to drive the D&D into a regional, national and international potential. And there are a lot of examples of stories of success: food, beverage, furniture, decoration, music, clothing that once belonged only to a small group in a region, now are part of the global market.

For a SME, the two “hooks” of D&D and Partnership play a major role for made the cultural element an element for the success, as they do for the political actors, natural and demographic resources and technological development: the things that are natural for an specific area, can be developed and improved for being adopted for the rest of the world. The strength that can be the result of the work with the local government is important for the live of the SME and the 4 factors here described show the importance of the D&D and partnership on the process.

Conclusions

The model of Diversity and Differentiation with the partnership in the local area, are the axes to a success policy in developing the SMEs, not only for export, but in general. Once the link with the local was established, the small companies will climb in search for more support from the national or international agencies. Imagine to the small business in the bottom of a cone. In order to climb and improve their situation, they need to “hook” with two extension, D&D and partnerships, from the local area. From there, they star to push themselves and look more support in other spheres in order to move on and get out the cone, as show in the figure 1. Simply the geographical distance of the other spheres is an impediment to a better knowledge and to a close work with the small business. Also the D&D lose strength when they climb in the spheres. It is more complex to isolate and then work the D&D. It is possible that large companies do not need this initial push from the local, since most of them have more negotiation power and direct access to higher levels of decision makers, but the SME's companies need a close relation to take advantage from their own D&D and built a partnership with public and private actors to improve their current situation and get access to a better way of life.

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