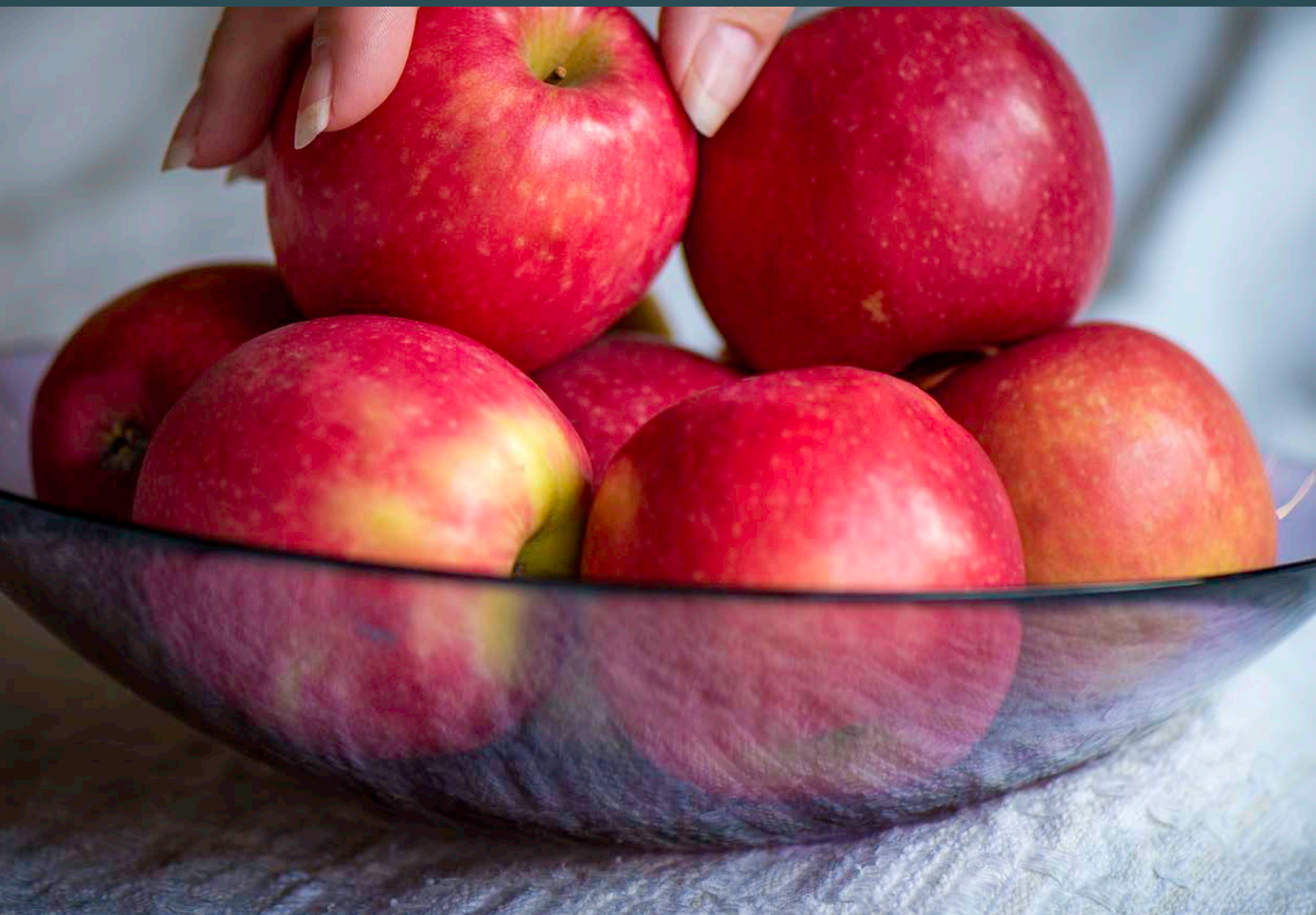


LIVING LOCAL ECONOMIES

Supportive financial tools and instruments



Documentation

from Living Local Economies – Åre, Sweden – June 25-26, 2013



Two days of enthusiasm and knowledge

After almost one year of planning, the day finally came. On 25th June 2013 almost 90 people came from all over Sweden, other Nordic and Baltic countries as well as from southern Europe to Åre. They represented authorities, NGO's, municipalities, universities, banks and firms. Everyone came with their own ideas and expectations, but also shared the common interest and enthusiasm for developing living local economies.

Throughout the last decade there has been a movement in Sweden and The U.S. among other countries that aims to strengthen local economies in rural areas as well as in suburbs and small towns. Now we wanted to learn more about what is going on in our neighbouring countries and get the opportunity to learn across national borders. Some of our questions were: How can public authorities support local economies – and still let the initiatives come from the

bottom up? What financial tools and instruments are available for those of us who wish to work to improve the local economy? How can scientists study the field of local economy?

At the conference we heard many interesting lecturers and debates, and the participants got the chance to share their knowledge. This process resulted in a long list of possibilities, useful tools and good advice for our politicians. A survey which was sent out after the conference showed that 94% of the participants gained a good or very good impression of the conference, and that 72% were willing to engage in a Nordic Alliance for Living Local Economies.

On our website lokalekonomerna.ning.com you can find our video documentation from the conference in Åre, news and the possibility to continue the discussions. Let's keep in touch!

Ylva Lundkvist, Conference Coordinator



Conference volunteers: Sofia, Lovisa, Johan and Emma.

Living Local Economies

Conference in Åre 25th–26th June 2013

– It's evident that general economic growth does not always come hand in hand with thriving local communities. It's also evident that relations between the local, regional and global level are not always very clear to us. So we have a lot to learn and discuss at this conference!

CECILIA WALDENSTRÖM, head of the Department for Urban and Rural Development at the Swedish University of Agricultural Sciences, greeted everybody and welcomed them to the conference on Living Local Economies in Åre on 25th–26th June. Almost 90 people had gathered to discuss issues concerning local economy – most of them from the Nordic countries, but also with some participation from the Baltic countries and Slovenia.

ANDERS LÖNNBLAD, Deputy Director General at the Swedish Ministry for Rural Affairs, welcomed the participants on behalf of the ministry, and added that arranging this conference in Åre wasn't a coincidence.

– This is the best example we have found in Sweden on the work of the local economy, he stated.

– Rural enterprises are confronted with many difficulties that colleagues in cities do not encounter such as distance to the market, lack of infrastructure, dif-

ficult access to capital. This conference aims to find solutions to these problems. Good examples of innovative ideas will also be on our agenda.

THOMAS NORRBY, rural development consultant at the Swedish Agricultural University, acted as moderator at the conference, and expressed his firm belief that solutions to future problems can be found by "searching among ourselves, combining locals,

... "searching among ourselves, combining locals, bureaucrats, officials and entrepreneurs in a joint venture" ...

bureaucrats, officials and entrepreneurs in a joint venture".

– We are looking for solutions for a society which is falling to pieces in many areas, and the ministry recognises that. I think we found ourselves in need of a conference on local economy.

Thomas Norrby also gave a short background on local economics in Sweden, as the

first conference was held in Växjö 2003. In 2007 the organisation "*Lokalekonomerna*" was founded. The issue of the transition to a fossil free society became a common theme for discussion, as well as financing, infrastructure and a set of other urgent topics. – During this trip we've also been inspired by international examples, one of them is *Balle – Business Alliance for Local Living Economies*. If we form something similar here in the Nordic countries, we could call it *Nalle*...

”The Nordic people can lead the way in this process”

David Korten

DAVID KORTEN, living on Bainbridge Island, Seattle, is a board member of Business Alliance for Local Living Economies, a former professor at Harvard Business School, well-known writer and activist, often criticising corporate globalisation. Probably, his most well-known book is *When Corporations Rule the World* (1995 and 2001).

Dr Korten greeted the conference via a video message, in which he declared that, for several decades, we have been experimenting: embracing money as our most sacred value, giving control of our lives to global financial markets that value life only as a commodity.

– We now see the results of that experiment. A global economy that creates new billionaires in record numbers at an intolerable expense to people and nature. But we don’t need more billionaires. What we do need are healthy, vibrant communities in which people and nature work together for the benefit of all living beings.

– In the living local economies that people around the world now are organising, life is sacred, earth is sacred. We humans must learn to live as responsible, contributing members of the global community. Working with, rather than against, earth’s natural processes.

David Korten expressed his belief in the Nordic people’s possibilities to lead the way in this process:

– Of all earth’s people, you are best positioned. You have a highly developed social and environmental consciousness, you have a strong sense of community, you are technologically sophisticated, and you are trusted and respected by the rest of the world.

– Best wishes for the success of your conference. Be bold and strong of heart. Your success will serve as a beacon for us all.



David Korten

”We should reregulate the global, and deregulate the local”

Helena Norberg-Hodge

HELENA NORBERG-HODGE received the Right Livelihood Award in 1986 “...for preserving the traditional culture and values of Ladakh against the onslaught of tourism and development.” Since then she has continued working for this province in northern India, and from this experience draws conclusions on the consequences of the globalization process – promoting the opposite: *localization*.

– I have done an awful lot of travelling over almost 40 years, so I have a very global experience. I believe that the benefits of localization are vitally important and urgently needed worldwide. We are standing, as I think we sense now, at a very crucial time in history, Helena Norberg-Hodge said.

Globalization – she explained – means deregulation of global trade and finance. Giant banks and corporations can move easily in and out of local, regional and national economies.

– Through free trade treaties we have blindly given too much power to mobile giants, she said. We have also *subsidized* these giant monopolies, by building up a global infrastructure, for a faster and more globalized economic activity.

But at the same time we have *overregulated* local and national businesses, and put taxes on economic activities in a way that disfavours businesses that employ people.

– Through a whole range of support for energy consumption and technology we encourage every business to use more energy and technology – and we punish them when they employ.

Helena Norberg-Hodge explained that she doesn’t see localization as “an absolute”. It’s rather a shift in direction. Supporting the revitalization of local, regional and national economies. We should reregulate the global, and deregulate the local activities.

She also pointed out a consequence of trade deregulation that is not much talked about: the fact that products are being transported quite unnecessarily across the globe. Almonds from California are destroying the almond market in Spain. The US exports just as much beef as it imports. Apples are flown to South Africa from the UK, just to

be washed, and then back again. Shrimps are sent to Thailand just to be peeled, etc.

– Remember, that if tomorrow people would sit down and eat food from their own region all around the world, no multinational company would make money. But millions of farmers and small businesses would. We are in the grip of structures, of businesses that have become too big.

And, as a result of this system, we have also got problems like global warming, social breakdown, a



Helena Norberg-Hodge

widening gap between rich and poor and now – in many countries – an escalating suicide rate.

But the picture is not only dark, Helena Norberg-Hodge emphasized.

– It’s wonderful to be able to report that all around the world there is a growing localization movement – particularly around local food. It’s remarkable to see how successful grassroots initiatives have been to link up farmers and consumers, the rural with the cities. In the United States now, for the first time in a hundred years, the number of farms is increasing. This is a consequence of hard work from the grassroots, who have recognised the insanity of eating food that has come from 10 000 kilometres away. Food that is more often – due to subsidies – cheaper than the same product produced by the farmer one kilometre down the road.

So the localization movement is gaining ground, and beginning to get into media and public conscience. The number of *farmers markets* is growing, just like the business alliances for living local economies and new initiatives for financing, said Helena Norberg-Hodge.

... “the localization movement is gaining ground” ...

– And do you know which the biggest social movement in the world is? It’s Via Campesina, the small farmers association, with 200 million members!

Finally, she warned:.

– One big problem is that governments and authorities apply the wrong formula when they try to help local businesses grow. Their ambition is to make them fit into the existing, globalized, system. But a key element in localization is rather to look at appropriate scale.

The cooperative movement has also fallen into this trap many times, Helena Norberg-Hodge said. Small producers have linked up just to get a better deal out of the global market.

– From our perspective the coop of the future is the cooperation between consumers and producers.

That’s where we create a different market.

– I also want to warn against things like “Walmart going local”. If Walmart begins to buy and sell locally, it still accumulates that wealth. We need to decentralize in a holistic way. That doesn’t mean we can’t help big players to localize, but the goal needs to be real decentralization.

www.theeconomicsofhappiness.org

www.localfutures.org



Helena Norberg-Hodge

”Too many make the choice of being victims of circumstances”

Jörgen Andersson

JÖRGEN ANDERSSON, farmer and social entrepreneur from Undersåker, Åre, sent a message to the conference via Skype – live from Colorado, USA, where he was attending a course in Holistic Management under the leadership of Allan Savory.

After expressing his sadness at not being present in Åre, he explained his view on the concept of localization.

– To me it’s a question of whether people take responsibility for their own lives or not. My perception is that far too many make the choice of being victims of circumstances. And as long as we do not make the choice of being involved and influential, we will have the kind of situation that we have today. But.....on the other hand.....if people do make the choice, we will be creating a new world.

If people made this choice for their own lives, both planned economy and capitalism would become obsolete, Jörgen Andersson argued. People would turn their backs on the big banks and the big corporations, and do their own thing. This action of ”turn-

ing one’s back” is not being negative, he stressed, it’s just another way of communicating... ”when you turn your back to these bigger systems, you actually invite them to come and help you”.

– So if you are representing some part in this big system, private or public, you will all be welcomed by this local people taking charge of their own lives. They will look upon their communities as if they were enterprises, and be in charge of their balance sheets, making sure they are doing good business, and that the local assets will be well taken care of.

– As long as people don’t take this responsibility, what we are really doing is leaving this big system alone. They won’t know what to do if we don’t tell them, and we should tell them to support our local communities. That’s what they are going to do when people start taking responsibility.

– The tool needed to do this is Holistic Management – and financing. Financing is a key issue to me, and a field where many things are happening right now, Jörgen Andersson concluded.



Åreskutan

”We needed to create a room with space and time for life”

Steen Møller

STEEN MØLLER is founder of the self-sufficient eco-village Friland in Denmark, where the goal is to strengthen the local economy by minimizing debt and promoting local businesses.

He started by telling how he decided to leave the conventional life, where everything revolved around money, career and about being efficient.

– I said ”no, this is not the way. I want a life.” I felt that we needed to create a room where we could give space and time for life.

– I want to be free of debt, of mortgage, banks and subsidies. With a background as a farmer and headmaster of a *folkhögskola* (college for adult education), I knew that when you get subsidies it’s not for your own sake, it’s because they want you to do something you wouldn’t otherwise do.

The founding of Friland also has a background in the environment conference in Rio 1992, Steen Møller explained.

– Some people there figured out that if we shared all the resources in the world equally, we in the rich world would go down to 10-15 per cent of today’s level. We have to share!

Ten years after its start, Friland consists of 78 adults and 36 children. It forms part of the village Feldballe with 300 inhabitants, so in total there are about 400 inhabitants.

– We in Friland are well integrated and very active. We have built about 25 businesses and entrepreneurs – building houses, massage, illustrations for books, etc.

Three key words in Friland’s ideology are ”head, heart and hand”. They symbolise the kind of thinking that should permeate the community.

Steen Møller also brought up the problem that cultural and intellectual capital is taken out of local society.

– If you are a cultural or an intellectual person you go to the city to get your education there, and then you stay. Only the people who work with their hands remain in the countryside.

– But we need people who make music and theatre, people who can make crazy things. If these people with heart are there, the intellectuals will also come because they go where the fun is. We need these three ingredients to create a new culture, and that’s exactly what



Steen Møller

we are going to do.

More concretely, Steen Møller concluded, that the community is going to start a factory for prefab elements in clay and straw. As well as a factory for making tools for global export.

”Fortunately, there are also counterurbanisation trends”

Anna Karlsdottir

- Plurality in population is crucial for the wellbeing of the people in a community.
- A narrow economic base is a big concern in many rural communities.

ANNA KARLSDOTTIR, assistant professor at the Department of Geography and Tourism Studies, University of Iceland, took these two statements as starting points for her talk, then referred to a report by the Finnish researcher Riitta Nieminen-Sundell called *”Beautiful scenery but no jobs”*.

– I believe that this title crystallises the dilemma that many rural communities are facing. It’s an encouraging report about the seats of new jobs in the countryside of Finland.

The report shows that we are now also seeing a big shift in the rural countryside, Anna Karlsdottir stated – from traditional resource based jobs to the experienced economy, to multi functionality and multi locality. A characterising thing is also that some of the new jobs are connected to creative thinking.

From her own research, Anna Karlsdottir first mentioned a trend of increased and more complex migration patterns. Merging of municipalities, increased or higher education of women and higher mobility overall are some of the reasons behind this. And gendered outmigration is skewing demographics.

– But fortunately, Anna Karlsdottir added, there are also counterurbanisation trends, not least among the younger population.

She also mentioned that research all over the North Atlantic region has shown an increasing frequency of moves throughout a lifetime, but that there

is a lack of research on another important trend: rural-rural mobilities.

When it comes to Iceland, the crisis a couple of years ago had many negative effects for the rural areas: a decrease in basic services like shops, banks, pharmacies, health care, etc. More people have been forced by circumstances to commute, or even to migrate.

Anna Karlsdottir then gave an account of Icelandic research on multi functionality in the agricultural field.

When farmers diversify, the main incentive is economic. They want to increase income, and decrease work burden. Then comes the wish to improve the use of facilities, take care of nature and create jobs. In the more remote areas there was a relatively higher belief in tourism, as a source of



Anna Karlsdottir

income.

– We also identified very high prospects for bypassing the intermediaries and strengthening connections directly with the consumers.

This research also showed the importance of well-functioning local economies, as around 70 per cent of the farms rely on jobs outside the farm.

Finally Anna gave a glimpse of an aspect of her work that – as she put it – “relates more to activism”.

– For twelve years I have been involved in something called green-mapping systems. It’s an international attempt to identify eco-aspects of the community. It engages communities worldwide in mapping green living, nature and cultural resources.

www.greenmap.org

www.nature.is

”I am going to swear in church”

Reidar Almås

After having declared his sadness over Sweden’s abandoned countryside, **REIDAR ALMÅS** said he was going to swear in church in his talk.

– I will challenge the attitude that an activity needs to be small, in order to be locally well connected to rural resources and people. And that if it’s not connected, it’s going to be big, global, prosperous and profitable.

Reidar Almås is a professor at the Centre for Rural Research, at the Norwegian University of Science and Technology in Trondheim. He based his talk on four principles in classical economics: ecology, community, living conditions and business conditions.

Then he went on to his three examples, all of them showing that big companies can create jobs in rural areas.

In Jaeren, close to Stavanger, there is an agricultural cluster. Tine, Norway’s largest product cooperative in the dairy sector, has recently built a modern production site. They cooperate closely with the greenhouse company Miljøgartneriet, where CO² from the dairy is being used by the plants and warm water is being reused. There is also a chicken slaughterhouse in the area, owned by farmers and foreign companies – including meat processing and branding.

– There are 2,5 billion Norwegian crowns invested in this food cluster, that provides 600 jobs, just in the middle of the countryside.

– Two thirds of the workforce comes from the Baltic countries. That’s the case in many of the food processing industries in Norway now.

Reidar Almås’ second case was Norsk Kylling, Norwegian Chicken, at Støren in Sør-Trøndelag County. This is Norway’s largest private slaughterhouse and processor of chicken, established as sole provider of chicken to the retailer Rema 1000.

This company also uses mainly migrant workers, and its main objective – via vertical integration – is to produce cheap chicken for the customers.

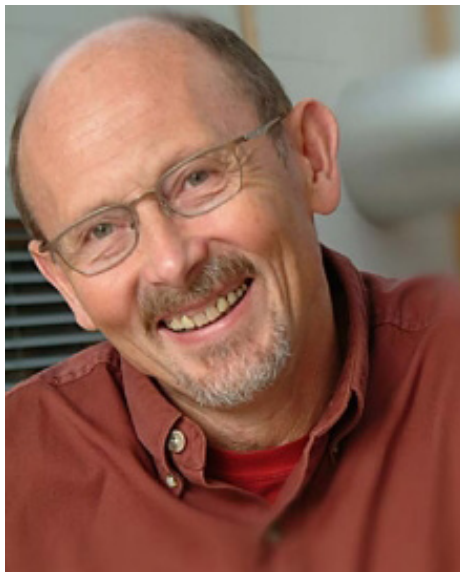
The third case in Reidar Almås’ trilogy was also from Sør-Trøndelag County, from the island municipalities of Hitra and Frøya.

– Twenty percent of all farmed fish in Norway comes from here, and 45 percent of the Trøndelag export. The company Salmar provides Ikea all over the world with salmon. It has the world’s largest salmon slaughtering and processing factory.

Reidar Almås also mentioned some problems with big scale fish farming: Finding suitable locations, the risk that fish escape and pollute the wild salmon genetically, salmon lice infections, and a big need for marine oils to feed the fish.

Finally, Reidar Almås pointed out the importance of having a local resource base.

– In food production, I don’t believe in food from nowhere. I believe in food from somewhere. Food production is about water, clean air and resources.



Reidar Almås

Summarising findings

The second day of the conference



World Café

THE SECOND DAY OF THE CONFERENCE started with the facilitator **HILLEVI HELMFRID** summarising some of the findings from the previous day. She had been studying the written results from the interactive session in the afternoon and gathered them under five headings that she presented in cooperation with **THOMAS NORRBY**.

WHY SHOULD WE STRENGTHEN LOCAL ECONOMIES?

- To be prepared when the global economy collapses, reduce vulnerability. (resilience)
- To increase awareness of our ecological footprint, reduce environmental impact and foster responsibility towards humans, animals and nature. (feedback)
- To strengthen democracy, possibilities to influence every-day life, take local decisions with local money, (democracy/empowerment)
- To strengthen social/human capital, trust, meaningfulness, quality of life, happiness, holism. (meaning)
- To create diversity (cultural, social, financial, biological, labour market...) and by enabling small (appropriate) scale solutions. (diversity)
- To increase innovation and entrepreneurship (creativity)
- To lower the pressure on cities

WHAT ARE THE POSSIBILITIES WHEN STRENGTHENING LOCAL ECONOMIES?

- True-cost economy, 300 years perspective
- Focusing the ecological and social dimensions of economy
- Recirculate resources locally (from linear to circular, plugging the leaks)
- Local currencies
- Questioning economics of scale. Ease the burden for small-scale companies.
- Regulate import
- Cooperate locally in cooperatives and community networks
- Community-building based on engagement for local service
- Finding substitutes to conventional banks.
- More processing (value-adding) near the source
- Mind-shift (pro-rural, pro entrepreneurial...)

WHAT ARE THE CHALLENGES WHEN STRENGTHENING LOCAL ECONOMIES?

- Low willingness to risk funding / local investment
- Low consumer awareness/responsibility
- Government regulation (public procurement, small-scale food processing...)
- Global competition
- Building trust, involvement, and an open, welcoming attitude in the local community
- Too cheap energy

TOOLS THAT WE CAN THINK OF

- Local economic analyze (LEA)
- Crowd equity (delägarskap), ("Andelsbevegelsen 2.0")
- Crowdfunding (gåvokapital)
- Crowdculture (combine public & private)
- Credit-guarantee associations
- Local savings bank
- Savings account for local investment, scale? (Bygdesparande/Bygdekonto/Stödspår)
- Sparbanksstiftelser (Savings Banks Foundations)
- Consumers advance payment to local producers
- Community supported agriculture

- Collaboration between local retailers and producers
- Microcredits
- Liability insurance enabling bank security for local projects not risking liquidity problems
- Local currency
- Time-bank, knowledge bank (exchange of services)
- Cooperatives (ekonomisk förening)
- Ltd with restrictions for profit disposal
- Get local people to invest in local projects for the good of local community – not for profit
- Taking care of "the Commons" (Elinor Ostrom)
- Leader – type measures

INSTRUMENTS THAT WE CAN THINK OF

- Nature resource-use-taxes
- Tax deduction for working capital
- Re-flow of nature resource taxes
- Special tax and legal system for rural areas
- Pay tax according to how many months you live in a place
- Pilot-municipalities for development of services in rural areas
- Recirculate EU money revolving funds (Almi invest)
- Public procurement



Hillevi Helmfrid

Panel

Supportive financial tools and instruments for Living Local Economies

ANNA HARALDSEN JENSEN from Röstånga in Skåne, the southernmost Swedish County, shared experiences from the community development company in her village, which is formed as "SVB-bolag", a joint-stock company with limitation restrictions for profit disposal.

Among other things she stressed the importance of taking care of local engagement.

– When you work with programmes in the local economy you must recognise that its logic does not follow programmes or top-down initiatives. And this must also be recognised when you establish financial sources!

- Take care of local engagement, its logic does not follow programmes or top-down initiatives
- Ensure good and stable conditions for community development companies
- Establish financial sources that recognise the local logic – building/strengthening trust
- Risk willing capital that can be matched with local capital

ULLA HERLITZ is a cultural geographer, and project manager at the NGO *Hela Sverige ska leva – All Sweden shall live*. She has a long history in local financing and is now working to establish micro funds for local development.



Anna Haraldsen Jensen

Key issues, according to Anna Haraldsen Jensen

- Trust and social capital
- Local financial platforms – Invest locally and match/level up financial capital



Ulla Herlitz

– A local initiative often starts in concrete needs, like saving a school, getting access to fibre optics, etc, she said.

In the next step capital is needed. Usually you go to a bank to get a loan, but that's difficult in the



Leo Padazakos

Swedish countryside. One reason is that properties in the rural areas are not as high-valued, and the borrower can't give the guarantee needed.

An alternative is then to build an alternative local financial structure – a challenging and difficult process.

- One model could be a "Sparkassa" where you lend and borrow between the members – like a small bank, Ulla Herlitz said.
- Soon we will start regional micro funds, connected to a national micro fund for social economy and local development that *All Sweden shall live* has set up, together with the cooperative resource centre Coompanion and Ekobanken.

Ulla Herlitz was optimistic about the possibilities to mobilise local capital from private persons.

- When you look at the savings in Sweden we see that each person has 128 000 SEK in bank accounts, and 112 000 in shares and funds. If we could recirculate some of the money we already have, it would be a big gain for the local economy.

LEO PADAZAKOS is an IT and telecom entrepreneur who is now focusing on the issue of local financing. He has created a concept that is spreading in Sweden.

- I had a business project called *e-factory* where we helped 800 companies in the countryside to start or grow. We saw the need for risk money or seed money,

“We saw the need for risk money or seed money, so we started this project we now call “lokalkapital” or crowd equity”.

so we started this project we now call “lokalkapital” or crowd equity. It's close to the concept that Anna and her people have in Röstänga. We just packaged it and gave it a legal infrastructure. It's applicable in different situations, and it adapts

depending on where you put it.

This model will now be put into practice in Åre as well as Gotland. The Swedish Board of Agriculture is helping to spread it around Sweden, and there are continuing talks with 10–11 other countries to put it in place there, said Leo Padazakos.

Very briefly the model can be described like this:

The community forms a *Local Investment Company, LIC*. A small business goes to the LIC to ask for financing. The LIC starts a campaign to raise funds.

– Then you can invest directly in the company with value certificates, as investor you can get special discounts until the company starts making a profit, then they pay you back.

– An important thing is that through this new financial intermediary we offer a “decoupling” between the investor and the investment object. That way you can create different forms of pay-back for the investor without putting unnecessary pressure on the investment object. It could be non-monetary benefits or monetary returns based on the performance of a company, or non-monetary returns based on the income of the company, or a combination of these... only the imagination prevents it. There’s flexibility in the model that can provide suitable solutions for many situations.

The overall goal is to create a prosperous local community.

– So this is the basic infrastructure, explained Leo Padazakos. We can now also support sole proprietorship – enskild firma – and cooperatives. Basically anybody who wants to start a local company benefitting the local community can be funded on the spot.

www.nordiclokalkapital.se



World café

Finally, in this part of the conference, **MARIA AHLSVED** from *the Ministry for Rural Affairs* presented the new EU programme for local development that will follow after the Leader programme.

In this new programme a method called *Community-led Local Development, CLLD*, will be used and will run from 2014 until 2020. The ministry is now in the process of investigating and deciding on how CLLD will be formed and implemented.

CLLD will build on the experiences from Leader, with Local Action Groups, and partnerships involving public, private and non-profit sectors. It will build on local capacity, and stimulate innovations and entrepreneurship. In short: it aims to foster local commitment.

There is also a discussion on whether CLLD will be used as a financial instrument, Maria Ahlsved said. But no decision has been made yet, concerning this.

As a last remark in this part of the conference, Thomas Norrby brought up the concept “economy of scope”.

– It’s not only important how a company can develop in itself, it’s also an issue what it would mean for other companies. Then we have an economy of scope, not only of scale. That’s a lost concept in economics.



Maria Ahlsved

Great Ideas for Living Local Economies

The last session started with a "jury" of "spies", whose role was to report personal observations on what had been said throughout the conference. This jury consisted of **RENE KUSIER** from the *Danish Rural Network Unit*, **LOTTA FRIBERG**, president of the cooperative *JAK Members Bank* and **JUHA KUUSMA** from the *Village Action Association of Finland*.

René Kusier noted that both social and economic capital are important.

– But the difference is that the more you spend of social capital, the more you have. With economic capital the opposite is true.

He also pointed out an idea from the day before, about the advantages of making clusters over sector borders, something that could also contribute to green energy solutions.

– Generally I'm very impressed with this conference. I've been to many conferences but have never heard so many solutions to local financing. In this context I want to stress the importance of having a flexible local financing structure, which is adapted both to the projects and to the community.

Lotta Friberg had noted with satisfaction the three H's from Steen Møllers intervention: Head,



The "Great Ideas for Living Local Economies" panel



Magnus Kindbom and Helena Norberg-Hodge

Heart and Hand. Three ingredients that must all be present in local development, she meant. She had also been happy to see that there was a great willingness to do things together, in cooperation.

Juha Kuisma had picked up a very concrete proposal during the conference. A change in the existing tax regulations that could mean a lot for the rural municipalities:

- It should be possible to pay the taxes according to where you are staying part of the year. The tax authorities should distribute the taxes according to my will. Like a national option to create better resilience and resistance.

Lotta Friberg added one more example, to show that even small steps are important:

- When a school had a public procurement for their school restaurant, they did not buy locally. Then some parents referred to the criteria "special need" for their children, saying they had to eat local produce. And the parents won, so the school now has to prepare special food for these kids.

HELENA NORBERG-HODGE took the opportunity as a panellist to warn against the idea of developing the local economy according to the same logic as the

existing global economy – acting along the idea of comparative advantages, specialising in export.

- I think we must be very clear what we mean by localization and local economy, as being a shortening of the distances between production and consumption. Instead, we need self-reliance in food, clothing and shelter worldwide, to avoid the waste of energy in transport and dependence on foreign markets. Today's system also means that wealth is being extracted from the local into the global arena.

- As it is today, we are extremely vulnerable. In a crisis, our supermarkets would run out of food in two to three days. There is nothing more vital for a society than having enough food production close to home.

- In a crisis we can always manage with the clothes and buildings we have, but literally in three days we would be struggling to survive due to lack of food.

Looking at the world from this perspective it also becomes evident that globalization is doing a lot of damage in the so called "Third World", Helena Norberg-Hodge said.

- People in self-reliant societies are rapidly pulled away from their food production, and they are being linked to a pressure that makes them feel stupid, backward and primitive if they continue to work on



Per Niederbach

the land. So there is also a psychological and cultural component to all of this.

MAGNUS KINDBOM, State secretary at the *Ministry for Rural Affairs*, did not agree with Helena Norberg-Hodge:

– I’m quite opposed to this thinking, trying to change the whole society like that. I think it’s a kind of “Don Quixote fight”, that’s hard to win. But I don’t see the contradiction, I think it’s possible to strengthen the local economies, and there are values that could and should be exported.

THOMAS NORRBY passed on the question of whether the principle of comparative advantages poses a problem.

– Do we need new models for local development with the goal to becoming more self-reliant?

PER NIEDERBACH, Division Director at *Innovation Norway*, appeared to agree:

– We have succeeded with that in Norway, but only thanks to money.

But on the other hand he meant that the local economy must ensure its competitiveness:

– You must look at your advantages in your local economy. And you have to connect local with regional, national and global. We can’t change that.

For Norway’s part, Per Niederbach called for a crisis – because it would help to foster new thoughts about financing and local development.

... “we need scale,
for we cannot reach
the bio-economy
without scale” ...

Thomas Norrby persisted with his question if we can ever be rich on the local level, if we connect to a system with free flow of capital that can be invested anywhere.

– Won’t the result be that this capital grows, and leads to concentration – because you earn money on money? The strong will always be stronger...

Per Niederbach didn’t agree with that. He used the bio-economy as example of how rural areas can become winners.

– In Norway forestry and bio-economy could pass fishery in size. From one tree you can make 200 pairs of trousers. Anything made from oil, can be made from wood.

Helena Norberg-Hodge referred to her global network to strengthen her argument.

– It’s absolutely central for the alliances that I work with globally, to move away from specialised industrial production for the global market, and turn to more diversified production for needs closer to home. The industrial production systems are forcing on farmers, foresters and fisheries an unnatural model with standard size apples, straight bananas, tomatoes that fit the machines. For-

cing industrial production on nature is a fundamental battle against life. Life is diversity!

– There is an efficiency of scale in industrial products, but please wake up to the fact that if we want



René Kusier

to produce more food we need to go in the opposite direction, towards diversity.

But our choice isn't between static alternatives, Helena Norberg-Hodge insisted.

– We have to choose whether or not to stay on a very fast moving train, taking us to large scale industrial production with mega speed. This alternative needs so much energy that our leaders feel they must invest in gas fracking and nuclear power. It's almost like a machine of speculative finance and large businesses, promoting monoculture.

Helena Norberg-Hodge's choice was quite the opposite:

– There's another train that is also rapidly moving, and one of the most exciting developments in this perspective is the marriage of permaculture and traditional local farmers around the world. It is possible to considerably increase production per hectare.

René Kusier added to the discussion by referring to an article he had read about the idea that businesses should act locally but have a global thinking because they have to go into a global market.

– But the article said this was completely wrong. Instead you should think locally and act locally. You should pick up experiences and knowledge from abroad, but put it into a local thinking. Combine it in new ways so you get something unique. Then maybe you could also reach a bigger market.

As a concluding question for the panel, Thomas Norrby asked for views on what should be the first step in moving towards a vibrant local economy.

Per Neiderbach saw big problems for Norway. With 40 percent of the economy dependent on the oil price, problems arise as soon as the price goes down.

– We also see a two folded economy. Oil and gas go up, but traditional economy – especially in some regions – is going down, many factories are closing. We have to rethink, and I don't know the answers. I only know we need scale, for we cannot reach the bio-economy without scale.

Helena Norberg-Hodge saw a concentration of information and education as a first step. For this purpose she had also made her film, "The Economics of Happiness".

– I hope that people will be interested in using our film; it's a tool that shows the two different directions.

– We urgently need to reach a wider audience with the ideas of this discussion. Environmental, social and peace movements, all those who are already actively improving the world, let's help them see the benefits of localization instead of globalization.

Magnus Kindbom pointed out the existence of businesses and jobs as a prerequisite for the local economy.

– From the political viewpoint, the important thing is to support businesses, so people can stay and live in the countryside. The EU has its rural programme, there is the infrastructure issue with fibre optics, etc, strengthening the social programme.



Thomas Norrby

The curious moderator Thomas Norrby took the opportunity to ask about a detail in the next rural programme:

– Could there be some measures to promote new financial local development companies in the new programme?

Magnus Kindbom gave no definite answer – but: – I can promise that we are looking into it...to see what the possibilities are.

A continuation for Living Local Economies

in Iceland in 2014

As a reminder that Iceland will be chairing *The Nordic Council of Ministers* next year, the last words were given to its two representatives.

MADS RANDBØLL pointed out that the conference had brought some conflicts to the surface, concerning how to enhance the local economy.

– I think we stand in the middle of a change in paradigms and we have seen examples of that today. The old rural paradigm was “send more money, do something for us”. The new paradigm is about investing in the local possibilities and resources. The problem with this new concept is only that it’s easy to say but hard to do.

Furthermore, Mads Randbøll illustrated that Steen Møller, with his Friland project, stood out as an example of the new paradigm – “Let’s stop talking, let’s start doing”.

And next year, when the theme for Iceland’s presidency is bio-economy, the same kind of thinking will be applied, Mads Randbøll ensured.

A concrete field where the bio-economy will also be applied is within the EU’s Baltic Sea strategy, he continued.

– Our overall approach in that discussion is how we can use the bio-economy as a driver for a sustainable local economy.

Mads Randbøll, who is responsible for Agriculture and Forestry within the Nordic Council, used his final words to comment on what Reidar Almås had said the day before, when he described the three big food industry projects in rural Norway.

– Reidar wanted to provoke us. But he was not talking about *local* economy. He was talking about *decentralized* economy. Instead of saying that what he said is rubbish, I’ll just say that the problem is that the three

clusters he described could have been anywhere, they had no connection to the regions they were placed in.

– Salmon and chicken production is also dependent on the import of protein, basically soy beans from Brazil. Animal production in Europe needs a lot of soy that in turn uses a lot of land that could be liberated for other purposes. Shouldn’t we challenge ourselves, by organising salmon production dependent only on local protein production? How can we achieve this?

“The Icelandic presidency has proposed several initiatives within the bio-economy and the biggest and most important thing is to look at this sector as a driver for living local economies”

Geir Oddson, who is responsible for Fisheries within the Nordic Council of Ministers, was the last speaker, and, as an Icelander, he was happy with the theme for his country's presidency – bio-economy – a theme that he explains is closely connected to living local economies.

– The Icelandic presidency has proposed several initiatives within the bio-economy and the biggest and most important thing is to look at this sector as a driver for living local economies. Regions will be selected in all Nordic countries focusing on different strengths of that specific country.

– During our presidency, we will do a follow up to check that this group is continuing to be involved in this work, he concluded; referring to the audience he was speaking to.



Geir Oddson (to the right)



Open space



*Supportive financial tools and instruments
Åre, Sweden – June 25–26, 2013*

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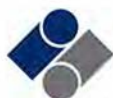


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