

## The contribution of local economic development in the recovering from the effects of Covid19 pandemic, the case of Canada, China, Sweden, and Malaysia.

مساهمة التنمية الاقتصادية المحلية في معالجة آثار جائحة كوفيد 19، دراسة حالة كندا، الصين، السويد، و ماليزيا.

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### Abstract

The objective of this research is to determine the contribution's extent of local development to the structural economic response in a time of crises. In order to achieve this goal, we set out from the process of presenting some theoretical concepts, and some experiences of countries that have adopted the concept of local development which are: Canada, China, Sweden and Malaysia.

After a reading to the economic content of the Corona pandemic, and limiting some of its effects to the growth rate of the gross domestic product, unemployment and the inflation rate. We will analyze the local development in the economies of the previous countries, which has gained them the ability to structurally recover from the impact of the crisis, during the period 2019-2022.

**Keywords** :local development, economic crisis,covid19 pandemic effects, economic recovery. Local development in china-Canada-Sweden-Malaysia.

### ملخص

الهدف من الورقة البحثية، هو تحديد مدى مساهمة التنمية المحلية في الاستجابة الهيكلية الاقتصادية في الأزمات. تم عرض بعض المفاهيم النظرية و بعض التجارب لدول تبنت مفهوم التنمية المحلية و التي تتمثل في، كندا، الصين، السويد و ماليزيا.

بعد قراءة اقتصادية لجائحة كورونا، و لآثارها على معدل نمو الناتج الداخلي الخام، البطالة و معدل التضخم، نقوم بتحليل التنمية المحلية للدول السابقة،والتي أكسبتها قدرة على تعافي هيكلية من تأثير الأزمة، للفترة 2019-2022.

الكلمات المفتاحية: التنمية المحلية، الأزمة الاقتصادية، آثار جائحة كوفيد 19،التعافي الهيكلية.التنمية المحلية في كندا-الصين-السويد-ماليزيا.

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## 1. INTRODUCTION

Local economic development is among the most important factors in improving the quality of economic growth both in terms of inclusiveness, resilience, and sustainability. Local development requires giving priority to investment in local ecosystems and activating decentralized governance. Many countries have been able to activate this development orientation including Canada, China, Sweden and Malaysia, which they are varying economies in terms of work, capital and investment. Local development in several economies enables activating structural mechanisms that guarantee actions and responses according to the economic situation.

The Corona pandemic, which took the course of the economic crisis, has led to a shift from a situation of growth to a situation of turmoil and instability; as a result of the imbalance between consumption and production due to the disruption of supply chains.

This health crisis of complex dimensions has put economies of various countries in a position to test their ability for responding by adopting systemic responses to allow a structural recovery.

Accordingly, it is important to monitor the extent to which economies, that widely adapt local development, are able to respond quickly, and adapt the changes imposed by crises on various economic activities; as well as determining the pace of its recovery and its return to the situation in which its economic indicators are normal before the crisis.

Study objectives:

This work includes two objectives; the first is to unpack the basic concepts about local development and a simplified presentation of some international experiences. There is an approach to the Covid19 pandemic in terms of its economic effects.

Concerning the second aim, it includes following up previous international experiences, their ability to mitigate, and thus achieving real recovery from the negative effects of the pandemic through its local development trend.

This research will focus on three critical questions:

- What is the specificity of local development theoretically and practically (through some international experiences)?
- How has the COVID-19 pandemic affected economic growth indicators?
- To what extent are local development economies able to adapt to the shocks of the pandemic?

Method:

The paper describes the evolution of Local development in theory and in practice through some country experiences such as Canada, China, Sweden,

and Malaysia. This dissertation provides the statistics of the extent to which the indicators of these economies respond to the negative effects of the Covid19 pandemic, and then we rely on an analytical approach to the local development measures that helped these countries to recover from these negative effects.

## **2. Local Economic Development, concepts.**

Local Economic Development (LED) has its origins in the high-income countries of the North. They emerged in the last thirty to forty years as a response to the social and economic problems that resulted from the persistence of locality-specific development problems. The disappointing results of traditional top-down, supply-side sectoral development strategies in combating the resulting rise in unemployment and regional inequality drove the search for alternative development strategies that would offer opportunities for growth to all areas.

### **2.1 Definitions.**

In this context, the following definitions can be given:

- “Local Economic Development is a process where the local actors shape and share the future of their territory. We could define it as a participatory process that encourages and facilitates partnership between the local stakeholders, enabling the joint design and implementation of strategies mainly based on the competitive use of the local resources with the final aim of creating decent jobs and sustainable economic activities.”(Sekula, 2002, p. 60)

- “Local economic development refers to the process in which local governments or community-based (neighborhoods) organizations engage to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural, and institutional resources”.(The world bank, 2004, p. 09)

Local development is a project that aims to exceed the requirements of economic growth and correct the unwanted effects. The method of local development depends on the perfection and the collective implementation of social, economic, environmental, technological options, and priorities in order to find long-term solutions to local problems. (Leskovac, 2013, pp. 117-118):

### **2.2 Objectives of local economic development.**

Local development is essentially based on a development process that places the community at the heart of the decisions which concern it. Far

from a market logic centered on the profitability of a project, it relies on the ability of the community to positively transform a situation of underdevelopment from its own resources into a desired situation. The local initiatives that emerge from this desire are intended to be adapted to the needs and capacity for action of each community. Generally, local initiatives are oriented towards the following objectives (Mokoena, 2019, p. 61):

- local job and business creation.
- The increase in working capacity of the population.
- Territory planning.
- The strengthening of sociability by enhancing local identification, the feeling of belonging or even the enhancement of the collective consciousness (responsibility) of the actors in place and of the community in general.
- The development of alternative and sustainable economic models (collective ownership, participatory management, socially useful production, community responsibilities in development management).

### **2.3 Ways to stimulate local economic development**

The World Bank suggests that in the development of a local economy it is important to organize efforts by identifying all relevant stakeholders from individuals, firms, and/or organizations in public, private, and not-for-profit sectors that have an interest in, and ability for contribution. It is also important to establish a strong leadership role and responsibility with the local government, and to locate development.

The development of a local economy provides benefits to the business sector through incentives such as a financial subsidy. It suggests that a subsidy to business would be appropriate because it affects a large enough number of activities so that it increases local competition in the area. This could lead to an improvement in quality and lower prices with benefits to the local community (studies in poverty and inequality institute: SPII, 2013, pp. 3-4).

- LED supports businesses which are socially beneficial.
- If the LED leads to an increase in productivity levels for a large number of workers, local wages could rise.
- LED increases the productivity of subsidized businesses, either export outside the local economy or replace domestic imports. Such a development approach costs the economy less compared to the domestic revenues generated.

## **2.4 Indicators of local economic development.**

There is a lack of theoretical knowledge on the indicators of local economic development due to the fact that the social and economic sciences have not paid sufficient attention to the problem.

There is a group of substantial indicators – we shall call them “macro” indicators –which indicate the stage of local development such as total GDP per capita, amount of investments per capita, unemployment rate, number of newly started businesses, number of businesses discontinued, number of innovations, and registered patents (Leskovac, 2013, pp. 111-113)...

There are additional significant indicators of the municipality’s potential such as the existence of local economic development industrial parks, business incubators, and local policies for supporting growth of small and medium enterprises

## **2.5 Effective Models in Local Economic Development.**

Through this part of the work, some of the countries that have implemented local economic development, and which have become dependent on local development mechanisms according to a personalized pattern through which they achieved positive economic results, and then were able to address the total imbalances that faced development indicators in them, are presented

### **1.5.2 Local Economic Development, The Malaysian Way.**

Malaysia is widely considered as a development success story: a multiethnic nation that has achieved rapid growth at the same time reducing poverty, and improving equity through affirmative action policies. Since its independence in 1957, Malaysia has transformed itself from a low-income country to an upper-middle-income country. Economic growth has been accompanied by rising living standards, improvements in the distribution of income, and ameliorating the twin problems of poverty and racial imbalances.

The Malaysian economy adopts the idea of economic corridors, which consists of dividing the economy into local areas that adopt development projects which are compatible with their characteristics, and are in accordance with a consistent conception among them in which it reflects the content of local economic development.

The idea of corridor development, as a vehicle for achieving balanced growth, was first mooted in the Ninth Malaysia Plan, 2006–2010, and

launched in 2006 (Government of Malaysia 2006, 28). In the Mid-Term Review of the Ninth Plan (Government of Malaysia 2008), five corridors were announced: the NCER in northern Peninsular Malaysia, with Georgetown as its center; Iskandar Malaysia (IM) in the south with Johor Bahru as its center; East Coast Economic Region (ECER) on the east coast of the peninsula, with Kuantan designated to be its center; Sarawak Corridor of Renewable Energy (SCORE) with Kuching as the urban center; and Sabah Development Corridor (SDC), with Kota Kinabalu as its center. The proposed five corridors enclose almost 70% of the country's landmass.(Athukorala & Narayanan, 2017, pp. 4-5)

### **2.6.2 Canadian expertise in local development.**

As far as Quebec local development is concerned, it is in this context, on one hand, of the emergence of a public discourse favorable to entrepreneurship. On the other hand, of a strong (redistributing) central State that understand the role of the various local development actors and organizations. Faced with the state that performs the major social functions (and performs them, all in all, relatively well).The various local organizations can concentrate their efforts on actions to support development; in the true sense of the term, the various business advisory and assistance organizations perform an essential function in a market economy like ours. Advising and supporting potential entrepreneurs necessarily requires a presence in the field, a function that can only be done by /and with local actors. The precise operating formulas may vary from one region, and one city to another which is one of the qualities of the Quebec model. This model which is altogether flexible, without neglecting the role of local training and research, is not unrelated to the economic dynamism of Quebec regions.

The dynamism of territorial or local development, whatever name you want to give it, reveals in short, a Quebec with regions that has nothing to do with a disadvantaged area. Quite the contrary, it is difficult not to see a link with the decentralized Quebec territorial model, favorable to local entrepreneurship, while leaving the major social functions to the central state.(OECD, 2019) (in French)

### **3.6.2 Local Development in The Chinese Giant.**

Several important powers relating to local economic development in China have been gradually deconcentrated over the past 30 years; first

from the central state down to the local levels, and then, in more details from the macro scale of "cities-regions". to more microof the "districts". This was based on new distributions of public resources, and on an increase in the financial capacities of the districts.

It appears that everything happened as if the progressive "opening up to the market" had to be accompanied by new decision-making standards in local public action as well as a reorganization of inter-territorial relations .all of the financial resources of local authorities came from a redistribution of national taxation by the central state.

There were only 14 activity zones in 1984, but in 2004 the number of activity zones reached 6866, including 171 activity zones piloted at the national level, 1094 at the provincial level, and 5601 at the local levels, city-regions and districts. With the transfer of economic powers, most areas of activity are now piloted at local levels, particularly the districts.

The 1994 tax reform made it possible to separate the accounts of the central State and those of local authorities. From then, this reform was the index of a dynamic of deconcentrating. At the end of this period, central government revenues represent only 22% of total tax revenues while local authorities receive 80% of government revenues and incur approximately 60% of financial expenditure.(CAULFIELD, 2006, pp. 278-280)( in French).

#### **4.6.2Sweden's Experience in Local Development.**

During the last thirty years, despite having experienced various episodes of economic instability, Sweden has been able to appear, through its resistance, as a model of economic and social organization guaranteeing sustained growth in income and a strong equity.

The Swedish model of society is often presented as the expression of the search for a social ideal based on two primary objectives (OECD, 2019, pp. 41-42):

- Strong individual incentives to produce wealth.
- The guarantee of a prosperous society.
- Relatively low-income inequality.
- The guarantee of the achievement of a certain social justice.

According to certain measurable criteria, the achievement of these objectives appears rather satisfactory: the value added per capita occupies a good place in the international rankings, and the inequalities measured, although having increased, which seem to be the lowest among the rich countries. The Swedish model of society is often presented as the expression of the search for a social ideal based on two primary objectives:

-The institutional framework of such a model is based both on a decentralized level: the local public authorities, and decisions within the companies themselves. In addition, on a centralized level: the central public power, and the national representations of workers and employers.

### **3. Covid 19 Pandemic**

Today, the world is experiencing an unusual situation which it has not witnessed before as a result of the Corona epidemic “Covid 19”. Since this situation is exceptional, and will inevitably constitute a major turning point for all countries, not only due to its danger effects towards human health, but also because of its repercussions on the economic and social levels, which affected directly all international transactions. As the outbreak of the epidemic forced all countries of the world to take a set of precautionary measures “isolation and quarantine / social distancing / travel ban”, which negatively affected the global economy, causing it to live in a state of stagnation, and thus the emergence of a global economic crisis unexpectedly affected everyone .It obstructed production, supply, and air transport across the world, weak global demand, isolating countries, placing them under quarantine, and others under curfews which hit sectors: finance, aviation, transport, and tourism in the world with heavy losses.

#### **3.1 Estimating the Economic Impacts of The Covid-19 Pandemic**

Although experts have not been able to determine the size of the negative variables and the devastating effects that the Covid-19 pandemic will have on the world until after controlling it, clarifying the final statistics of the victim numbers, and determining the actual duration of its impact on the global economy; however, it is certain that the longer the control of the epidemic, the more the impact of the repercussions is more serious and greater especially on developing countries. Whereas economists expected the average per capita income will decrease by 3.6%, causing millions of people to fall into extreme poverty this year... International economic institutions are drawing predictions for what the world will be like until the



end of 2021. International reports have colored their vision of the world next year with optimism fraught with danger, as a natural result of the uncertainty about their predictions in the event that the Corona pandemic gets out of control until the end of 2020.(Committee for the Coordination of Statistical Activities., 2021, p. 14)

#### -Low Growth Rates

In this regard, the International Monetary Fund expected global economic growth to contract by 4.9% in 2020, a decrease of 1.9% then it predicted in its World Economic Outlook report issued last April.

According to the latest report issued by the Fund covering the third quarter of the year, the impact of the emerging Corona pandemic on economic activity in the first half of 2020 is more negative than the expected level, and the recovery is expected to be more gradual than indicated by previous forecasts. The global economy is nominated for recovery in 2021 with a growth of 5.4%. The International Monetary Fund considered that the effects of global developments will be severe on low-income families, threatening the significant progress made in reducing extreme poverty worldwide since the 1990s.

#### -High Rates of Inflation

Inflation pressures were increasing as a result of rising energy and commodity prices, production bottlenecks, and rising demand. The Corona pandemic inflation decline was unusually muted and short-lived. Looking ahead, some factors point to an increase in inflation over the near term but stable low inflation over the long term.

#### - Market Turmoil and High Unemployment

8.8 % of global working hours were lost in 2020, equivalent to 255 million full-time jobs. These losses were four times greater as those incurred during the global financial crisis in 2009.

The bulk of employment losses in2020 translated into rising inactivity rather than unemployment, this is leading to an additional 81 million people shifting to inactivity alongside 33 million additional unemployed. So, the global labor force participation rate dropped by 2.2 percentage points owing to the COVID-19 crisis compared with just 0.2 percentage points in 2008 - 2009.(Committee for the Coordination of Statistical Activities., 2021, pp. 20-21)

### **3.2 Covid-19 Impacts at The Local Levels**

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Globally, local governments and cities are the world's first line of defense in responding to the covid-19 pandemic. For many cities, the pandemic has ignited inequitable death rates, stretched municipal service delivery to the breaking point, and raised fundamental questions on safe urban structures and dynamics among other challenges. The COVID-19 crisis has also demonstrated the agile role of local governments in the battle for just a recovery, and their roles in building long-term resilience.(Committee for the Coordination of Statistical Activities., 2021, p. 23)

#### **4. An Analysis of the impact of the covid crisis on some economies with effective experience in local development (Canada, China, Sweden and Malaysia)**

The local economic development is a development measures that expands continuously through the feature of renewal and adaptation to the changes that occur on the inputs or outputs of the local area. Therefore, local development is considered as a way to respond, and adapt to positive or negative changes. It is a tool to resist the negative effects that result from crises of economic dimensions and that directly affect the labor market, growth rates, consumption patterns, and productivity.

Since the indicators of local economic development are the same as the sum of the macroeconomic indicators that express the general trends of development. It is based on the approach of the macro indicators represented in the gross domestic product (GDP), the unemployment rate, and the inflation rate in order to analyze and follow up the extent of adaptation and response of few countries with effective local development practice, and the extent to which their macro indicators respond to the shock of the Covid-19 pandemic crisis through comparing their macro indicators previously mentioned to the average global rates recorded during the pandemic for the period 2019-2022.

Some countries, that have been able to root local development in their economies, have been selected namely Canada, China, Sweden and Malaysia. They are different economies in terms of the political system, capital, and investment in which are very similar in terms of strategies, and policies that allowed the development of local areas, and the development of the economic specificity of each region separately. They are economies that operate according to two concepts contradictory , and complementary at the same time. There is a central orientation in economic development in which

the state is the one who undertakes the development process, plans, and implements in the manner of centralized management, as we find the decentralization tendency which gives a kind of independence, privacy, and initiative for local areas; working to find, and implement its development options in line with its needs and capabilities by guarantee of coordination between these areas.

#### 4.1 The impact of the Covid-19 pandemic on the GDP of Canada, China, Sweden and Malaysia.

GDP Growth Rate is also known as the Economic Growth Rate. It measures the change in the GDP of the country in comparison to an earlier period. The amount of change is measured in percentage (%) which serves as a determinant of economic health in the country, and the possible growth in the future.

**Table 1: Annual Changes in GDP Canada, China, Sweden and Malaysia, for the period 2019-2022( $\Delta$  %)**

	2019	2020	2021	2022*
<b>world average</b>	+2.3%	-3.47%	+5.7%	+4.5%
<b>Canada</b>	+1.9%	-5.3%	+5.4%	+4.1%
<b>china</b>	+6.1%	+2.3%	+8.5%	+5.4%
<b>Sweden</b>	+2%	-2.8%	+3.7%	+4.3%
<b>Malaysia</b>	+4.3%	-5.6%	+3.5%	+5.5%

**Source:**(The World Bank , 2022)

In 2019, the Canadian economy noticed a GDP growth rate less with 0.4 points than the global average, and this reflects the impact and shock of the beginning of the crisis. In the year 2020, it recorded a negative growth rate, and this decline was greater than global one. While in 2021, the Canadian economy was able to recover the value of the GDP by a significant growth rate to come close to the global average of 2021. The estimation for 2022 records a trend in the growth of Canadian GDP at consistent rate with the expected global average. These percentages reflect the ability to respond with a significant reaction of the Canadian economy.

In the Chinese economy, as one of the largest economies, the growth rate of the GDP of 2019, was 3.8 points higher than the global average. While in the year 2020, it was the only economy that recorded positive growth rates; whereas, the global average was negative. In 2021, the

economic growth rate was among the highest in the world which is 2.8 points higher than the global average for the same year. The giant economy continues to achieve high growth rates, but it largely corresponds to the expected average for 2022.

As for the Swedish economy, the growth rates and even the decline in the GDP recorded for the period 2019-2022 are mostly equal to the annual global averages for the same period. This reflects an acceptable response to the shocks of the COVID-19 pandemic.

The gross domestic product growth rate, recorded in the Malaysian economy in 2019, was 2.0 point higher than the world average which is a significant difference that reflects the growth stage and the result of the reforms taking place in Malaysia. In the year 2020, the decline in the value of the gross domestic product exceeded that record in the international average by 2.13 in the negative direction. In 2021 it achieved an acceptable growth rate, but it remains below the international average. In 2022, an increase in the growth of the gross domestic product is expected at a rate that exceeds the estimated global average.

#### 4.2 The impact of the Covid-19 pandemic on the unemployment rate, in Canada, China, Sweden and Malaysia.

Unemployment is an important macroeconomic indicator for several reasons. The amount of unemployment speaks to how well our economy is operating. Unemployment means we are not using our labor efficiently.

**Table 2 :** Unemployment rates in Canada, China, Sweden and Malaysia, for the period 2018-2021

	2018	2019	2020	2021
<b>world average</b>	<b>5.37%</b>	<b>5.4%</b>	<b>6.46%</b>	<b>5.7%</b>
<b>Canada</b>	<b>5.89%</b>	<b>5.9%</b>	<b>9.5%</b>	<b>6.5%</b>
<b>china</b>	<b>4.3%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>5.1%</b>
<b>Sweden</b>	<b>6.33%</b>	<b>6.8%</b>	<b>8.3%</b>	<b>8.1%</b>
<b>Malaysia</b>	<b>3.30%</b>	<b>3.31%</b>	<b>4.5%</b>	<b>4.7%</b>

**Source:** (TRADING ECONOMICS, 2022)

Unemployment is considered as an economic problem, but it has a deep social dimension. It is reflected in the high poverty rate, and in the resulting problems that arise from the deterioration of the financial situation of individuals and families.

From the table 2, we notice that the annual unemployment rate recorded significant increases starting from the year 2020. this is due to the closure

that resulted from the spread of the Covid-19 epidemic, and the increase was estimated at 1.06 between the years 2019 and 2020.

In 2021, we record an increase in the annual unemployment rate, but in proportions that correspond to those recorded before the crisis (2018 was the world unemployment rate 5.37%).

This rise was less than in the year 2020 by 3.6 point in which it is due to the remedial measures adopted by various countries.

In Canada the prevailing unemployment rate is equivalent to 5.75%; what corresponds to the international rate between 2018 and 2019. In the year 2020, the Canadian economy recorded a significant increase in the unemployment rate that exceeded the global record for the same year by 3.04 point.

The Chinese economy knows the lowest rate of increase in the unemployment rate in the world during the Corona pandemic crisis. China's unemployment rates are lower than those recorded globally during the period 2019-2021. This is due to the ability of the Chinese economy to transfer a large proportion of jobs to work via the network, and owing to the strength of its technological structures.

The average unemployment rate before the start of the Corona pandemic crisis was higher than the average rate prevailing in that period for the Swedish economy the problem that most European countries suffer from. Since 2020, the Swedish unemployment rate has increased from 5.8 to 8.3 which is a significant increase while the percentage remained almost the same in the year 2021, i.e., the Swedish economy suffers from a high unemployment rate so far. There are some analyses that attribute this to the rise of immigrants coming to Sweden where the labor market has grown in the past years by 7.8% in Sweden while the growth rate of the labor market is estimated in its neighboring countries with 4.7%.

As for the Malaysian economy, unemployment rates are low compared to the international average, even the increase recorded between 2019 and 2020 was very slight as it rose from 3.31% to 4.5%, and it remained at the same level in 2021.

### **4.3 The impact of the Covid-19 pandemic on the inflation rate of Canada, China, Sweden and Malaysia.**

Inflation, in the basic sense, is a rise in price levels. This indicator measures the change in prices of consumer goods and services acquired; used or paid for by households.

**Table 3:** Inflation rates in Canada, China, Sweden and Malaysia, for the period 2019-2022

	2019	2020	2021	2022*
<b>world average</b>	<b>2.3%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>2.2%</b>
<b>Canada</b>	<b>1.95%</b>	<b>0.73%</b>	<b>3.39%</b>	<b>3.9%</b>
<b>china</b>	<b>2.9%</b>	<b>2.39%</b>	<b>0.9%</b>	<b>1.82%</b>
<b>Sweden</b>	<b>1.8%</b>	<b>0.5%</b>	<b>2.16%</b>	<b>2.3%</b>
<b>Malaysia</b>	<b>2.0%</b>	<b>-1.14%</b>	<b>2.7%</b>	<b>1.2%</b>

**Source :**(inflation.eu, 2010-2022)

As for the Canadian economy, inflation constituted of an economic problem during the pandemic period, it reached very high levels during the years 2021 and 2022 nearly 4% in 2022 after it was less than 1% in 2020. Inflation in the Chinese economy was more controlled, as the maximum value reached during the pandemic was in 2020 when it achieved 2.39%, exceeded the global average recorded. Then, inflation declined during 2021 to 0.9%, and in 2022 reached 1.8% which is lower than the global average for this period.

Swedish inflation is a problem that burdens the economy during the last crisis. The statistics recorded during the period 2020-2022 corresponded to the international averages. The highest value of inflation recorded by Sweden is 2.3% in 2022.

In the Malaysian economy, there is a clear control over inflation rates where the annual average of inflation in the last decade was estimated at 1.9% which corresponds to the inflation rate of 2% in 2019. In the year 2020, it recorded a negative inflation rate of 1.14% which means that it achieved a decrease in the general level of prices accompanied by a significant increase in the value of the currency, but by the year 2021, the inflation rate returned

to rise to a value of 2.7% which is the highest since the last decade. It is settling in 2022 at 1.7%.

### Analysis

The growth in GDP in the economies under study (Canada, China, Sweden and Malaysia) shows an ability to respond after the decline in growth recorded in most countries (except for China). These countries were able to achieve an increase in growth by which the levels were restored in 2021-2022. This shows the ability of these countries to restore the dynamics of economic activity in record time for Canada, Sweden, and Malaysia while China recorded increases in growth that exceed those recorded before the crisis. This response shows the aptitude to adapt the conditions that the economy may go through, and to go with an economic reaction to the changes imposed on production systems.

The unemployment rate is among the most important indicators. It reflects the depth of the economic and social impact of the crisis. For both Malaysia and China, the unemployment index is below the world average even the recorded increases were relatively small. In Canada and Sweden, high unemployment rates were recorded in 2020, while they decreased relatively in 2021 to approach the rates recorded in 2019 before the crisis.

Unemployment in the current crisis has exacerbated for the apparent reason which is the freezing of production operations and the disruption of supply chains, as for the reason that is related to the specificity of the pandemic is the reduction of working hours due to the closure accompanies waves of the disease's spread. The countries, that have relatively overcome the problem, are those that have a strong technological infrastructure through which they have been able to compensate for lost working hours by working remotely.

In most countries of the world, we notice a decrease in the inflation rate between 2019 and 2020; this is due to the decline in demand, and to a significant decline in global production activity owing to the state of uncertainty experienced by the international economy at the beginning of the crisis. With life gradually returning to normal, demand rapidly recovered, and producers found themselves unable to increase supply at a parallel speed; as well as, the rise in the price of energy, which stimulated the global inflation rate to increase during the period 2021-2022.

## 5. RESULTS AND DISCUSSION

Economically, the local development based on multiple products, market, process and organizational innovations create net economic value, therefore growth, and therefore jobs. Thus, we can get out of the "zero-sum game" where we are content to redistribute market shares and relocate establishments. So, local development is a way out of the crisis not a trick to manage the crisis.

The Chinese decentralized governance structure enables local governments to direct stimulus- funding to local consumers, local enterprises, and local infrastructure. Local economic policies of this granularity are hard to achieve in economies with more regionally focused or centralized governance structures.

This dual economic governance (centralized, decentralized) of a centrally controlled economy that includes the large central state-owned enterprise sector and largely autonomous local economies relying on local enterprises have produced the resilience that has helped the Chinese economy to recover from the pandemic.

Canada's economic recovery measures are channeled to the different localities through the national network of Regional Development. Provinces have also developed their own support, being local, action plan to launched income supports, tax relief, and funding for people, businesses, and services in pandemic. As a next step, it has developed an Economic Recovery Plan, focusing on supporting businesses among other objectives. This local plan introduces new supports to help businesses; reopen, adapt, hire, rehire, and grow.

Moreover, the Canadian economy has an important tourism sector that has developed according to the perspective of regional development, and this sector employs a significant amount of employment. Therefore, the high unemployment rates in Canada are explained by the halt in the tourism sector during the pandemic, the closure of borders, and the suspension of air transport in many countries which, led to a near-total stagnation of the Canadian tourism sector and layoffs of workers.(OECD, 2020, p. 40)

Swedish subnational governments took early actions to support their local economies by supporting SMEs, artisans, retailers and self-employed affected by the crisis. Emergency measures taken by regional and local government cover a wide range of areas from financial support to more indirect support



The support for SMEs and the self-employed, (e.g. cash aid, loans and guarantees, and deferred tax payments) is the responsibility of central government agencies and ministries. Mean while, local regions governments focus on giving “indirect” support to SMEs in their areas such as: providing expert support for restructuring the day-to-day business, or preparing new business models..(OECD, 2020, p. 56)

Malaysia's strategies and programs mitigate the effects of the Covid-19 crisis on micro, small, and medium enterprises in the different regions. The solutions focus on the accelerated integration of e-commerce, microfinance and microinsurance, sales, and marketing technologies, as well as electronic payment solutions in the activity of micro, small, and medium enterprises.(OCDE, 2021)( in French). Also, among the solutions of the Malaysian experience in the crisis is to enhance business resilience when it rushed to strengthen its small companies. It turns out that enhancing business resilience in the good times will help companies out of crises, and reduce the likelihood of bankruptcy. Some Malaysian companies have planned to diversify their manufacturing in this period of crisis due to Covid-19.for exemple Kardex, world leader in the production of condoms, also plans to move towards disinfectants, and a manufacturer of diaper materials will start the manufacture of personal protective equipment (PPE).Top Glove, a global player in gloves, plans to diversify into the sector to manufacture medical masks, and thus support global demand.

The following results have been reached:

- Local development, or what is called at the present time regional development, allows the existence of a fabric of small and medium enterprises, and enables to adapt in a record time (the Malaysian experience).
- Local development projects can absorb unplanned stimulus financing in times of crisis instead of providing cash subsidies to individuals. Projects are supported and mobility is restored, so that generating incomes for individuals in exchange for real values. Local development increases the effectiveness of financing. (Chinese experience)
- Most of the countries that have adopted a local, or regional development approach operate, at multiple levels, the central, is directive level in charge of policies that depend on overall coordination, and the decentralized, semi-governmental or local level which is in charge of operations that depend on

a high degree of adaptation and resort to innovation in facing situations with the specificity of the region.

-At the social level, local partnership, negotiation, and learning new relationships between actors can create cohesion and re-invent solidarity at a time when the welfare state is challenged. Local development can re-teach us to live together in a society without exclusion, integration, and conviviality. (Most of the international experiences)

-Digital technologies give a serious boost to the local business climate and livelihoods while also promoting access to education, health, and leadership skills training. Thus, digital technologies are a factor in Consolidation of local development growth, by connecting buyers, private sector, and investors through online platforms.

- Local development must be carried out in a way that allows for a relatively balanced development distribution among the various sectors in proportion to the specifics of each region. For example, Countries that depend on local tourism development significantly are more affected in the period of crises which leads to an uncontrolled rise in unemployment rates. (Canadian experience).

## **5. Conclusion:**

The COVID-19 crisis highlights the importance of local economies, multi-level governance systems, and regional policy instruments in an effort to make them more “fit for purpose”, more flexible, and better able to respond to the differentiated needs of regions. Doing so, it could mitigate the sequencing difficulty, helping subnational governments simultaneously manage new eruptions of the virus or other emergencies, recover from the crisis, and achieve greater resilience. Through the recent crisis, international experiences in local development demonstrated the ability of this development option to achieve response and structural recovery from the shocks left by crises in the short and medium terms.

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