



The Geography of Innovation: Reconsidered after 15 years

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Session 2: Agglomeration, Spillovers and
Regional Growth

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Knowledge Spillovers

- ⌘ Public Good Nature of Knowledge
 - Difficult to contain
 - Value is difficult to discern
- ⌘ Working on similar things and hence benefiting from each others' research"
Griliches (1992)
 - Non-market transactions
 - Observations, races
 - Labour Mobility
- ⌘ The Paradox of location in the global economy

The Nuanced View

⌘ The Geographic Concentration of Innovation

- Not the geographic concentration of production
- Not urbanization economies

⌘ Epistemic Communities?

- Substitute or complement for location?
- If you know what you are looking for

⌘ Cognitive, social processes

- Importance of human agents and agency
- Boundary-spanning discoveries

Location Matters

- ⌘ Geography is a flavor (Starbucks)
 - More than the sum of the parts
 - Historical context
 - Path dependency
- ⌘ Innovation as a Social Process
 - Tacitness v Codified
 - I can say more than I can write and I know more than I can say
 - Serendipity
 - Human creativity and problem solving



**”Silicon Valley is probably the
only place on earth not trying
to copy Silicon Valley”**

Robert Metcalfe, 1998

Cluster Formation

- ⌘ We have an understanding of how industry clusters function, their advantages & adaptability
- ⌘ The Key Question -- How do clusters come into existence?
 - How do regions change from inert to active?
 - How does entrepreneurship take hold and transform a regional economy?

Creation Myths Revisited

- ⌘ The Economic Development Sausage Machine
- ⌘ Iconic clusters
 - Hollywood, only the climate?
 - Silicon Valley, only the University?
 - Temporal and spatial process
- ⌘ More important were
 - New business models
 - Breakaway firms
 - Institutions
 - Inflow of entrepreneurs
- ⌘ Braunerhjelm and Feldman (Editors), ***Cluster Genesis : Technology-Based Industrial Development.***

Economic Development Considerations

⌘ Horse Races

- Can we really anticipate new technology?
- Same old zero sum game of industrial recruitment

⌘ An under-appreciation of the small, slow and ugly efforts

⌘ Adaptation not uncritical imitation of the Silicon Valley model

⌘ Do policy makers really understand what entrepreneurs want?

What's a City/Region to Do?

- ⌘ All Economic Growth is Local
- ⌘ Government Induced Clusters
 - Top-Down Policy
 - Search for the *Next Big Thing*
 - Strategic Problem
 - Can every place have a viable cluster?
 - Order in the Urban Hierarchy
- ⌘ Complex, self-organizing systems
 - Endogenous Growth
 - Healthy ecology of actors & institutions
- ⌘ Designing economic development strategy may be the ultimate local innovation