

Chapter 6

Regional Innovation Systems in Centralised States: Challenges, Chances, and Crossovers

Philip Cooke

Cardiff University, UK & Oxford Institute for Sustainable Development, UK

ABSTRACT

The chapter explores the processes by which regional administrations displaying various statutory capabilities and weaknesses have demonstrated accomplishment, creativity, and innovativeness in the face of having to operate in centralised, relatively un-devolved, and non-federal national states. The focus is on a few exemplars of creative regional policy activity from contrasting regional settings in Sweden and Portugal in pursuit of improved innovation accomplishment drawn entirely from the apparently ever-centralising EU. A key reason for this is that in the EU all regions receiving regional assistance from Brussels were required in 2013 to draw up Regional Innovation Strategies if they were to qualify for regional resource transfers from Brussels. So these and other regions are behaving, in innovation terms, according to a logic of uniform rules from both Brussels and their own centralised states. They are thus doubly constrained in their quest for regional innovation policy assistance but their responses display enormous variety and creativity. The chapter proceeds by, first, outlining the rules of the RIS3 then, second, theorising ongoing processes. In the third and fourth sections, there is concentration on regional innovation policy formation in Sweden and Portugal, with preliminary drawing of contrasts and comparisons. Then, in the final section, a brief discussion and conclusions profile can be found.

1. INTRODUCTION

In this chapter, we shall explore the processes by which regional administrations displaying various statutory capabilities and weaknesses have demonstrated accomplishment, creativity and innovativeness in the face of having to operate in

centralised, relatively un-devolved and non-federal national states. These are found in numerous European Union member countries, especially smaller ones like Greece, Portugal, Netherlands and those fringing the Baltic Sea region (and more widely in the former Soviet political sphere). Elsewhere, most large countries such as the US, India, many

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Latin American countries, Australia and nowadays even China have relatively devolved, usually recognisably but by no means uniformly democratic, provincial, state or regional administrations managing a significant amount of innovation activity, especially but not only infrastructural (e.g. incubators, science parks, communications etc.). Simply due to space limitations, the chapter will focus on a few exemplars of creative regional policy activity in pursuit of improved innovation accomplishment drawn entirely from the apparently ever-centralising EU. A key reason for this is that in the EU all regions receiving regional assistance from Brussels were required in 2013 to draw up Regional Innovation Strategies (so-called RIS3 documentation) if they were to qualify for regional resource transfers from Brussels. So these and other regions (devolved and otherwise) are behaving, in innovation terms, according to a logic of uniform rules from both Brussels and the their own centralised states. They are thus doubly constrained in their quest for regional innovation policy assistance but their responses display enormous variety and creativity. This is not the case – certainly not in the same way – for innovation policy development in other parts of the world. Thus the EU has created conditions for a policy “living laboratory” which justifies its special focus in this chapter. Hence the scope of the chapter is narrowed to cases familiar to the author as researcher/assessor of new regional innovation policies in regions of southern and northern Europe, especially Sweden and Portugal. The reportage in the chapter is unapologetically qualitative in nature. It would be impossible to convey the remarkable policy content creativity of the regions selected by regressing often wholly irrelevant quantitative indicators like R&D, S&T or patenting volumes, none of which, of course, measure innovation.

The chapter proceeds by, first, outlining the rules of the RIS3 game, especially the power discourse deployed from the uppermost (EU) reaches of the innovation governance system and

the middle (centralist) level to the next layer of the multi-level governance system for innovation, which is the regional. At the bottom are the municipal recipients of this centralised policy *largesse*, where occur, as we shall see, some of the origins of “outsider” creativity or policy “lawlessness,” as Kauffman (2008) calls it, from an evolutionary complexity theory (ECT) perspective. There follows, in the second main section, a very brief account of the main ideas of ECT that pop out in remarkably vivid ways in the qualitative accounts of innovation policy emergence and application that follow. In the third and fourth sections there is concentration on regional innovation policy formation and central ideas, mainly in Sweden and Portugal, with preliminary drawing of contrasts and comparisons. Then, in the final section, a brief discussion and conclusions profile can be found.

2. THE REGIONAL DIMENSION: “HEROIC EXPECTATIONS IN HARD TIMES”

As stated, this chapter is focussed on *regional* aspects of innovation, namely the opportunities and challenges of the EU’s RIS3 as seen by the actors in the field. One of the key and powerful policy discourses or “rules of the game” emanating from Brussels was an industrial economics notion called “smart specialisation”. This was apparently informed by neither regional science nor innovation appreciation (Foray, David & Hall, 2009). Every region now to qualify for regional financial aid had to use this discourse and adhere to its, as we shall see, ambiguities. The notion was controversial in many policy makers’ eyes, though sometimes, notably in Portugal, the central state quite liked it as it justified making cuts in government allocations during a period of severe global financial crisis, which hit Portugal especially hard. Accordingly, as regions were developing their innovation policies under the hegemony of smart specialisation, they constituted both a

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