

EDITORIAL

SUSTAINABLE DEVELOPMENT, INNOVATION AND DEMOCRACY

What role for the regions?

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This special issue of Innovation – The European Journal of Social Science Research is an outcome of the EUROCOOP project, carried out under the 6th Framework Programme for Research and Development. The project's full title is 'Regional Innovation Policy Impact Assessment and Benchmarking Process: Cooperation for Sustainable Regional Innovation'. The project allowed for a critical examination of regional policies in Europe and the development of an assessment model that goes beyond traditional benchmarking. The following introduction summarizes some of the project's findings and introduces the contributions to this issue.

Beyond the “triangle”: the sustainability rectangle

The importance of environmental protection and related regulation has steadily grown since the late 1960s and so has awareness and public debate. End-of-the-pipe solutions were challenged by new concepts such as 'clean' technology that centred around the issue of waste minimization and the reduction of pollution in a broad sense. Even though 'clean' technology is still used in publications, mostly as a synonym for 'green industries' (Pernick & Wilder, 2007), the discussion has further developed and the terminology is today different.

Social and ecological movements were not the originators of the 'clean' technology discourse but, undoubtedly, public awareness played an important role in the latter's diffusion (Strasoldo, 1993; Jahn 1993), reinforced through media coverage (Burtscher, 1993). The pressure on the industry came from the economic crisis caused by the increased costs of raw materials and energy. The dramatic increase of the price of oil had a pivotal role to play in conjunction with higher unemployment and declining purchase power. Process engineers began to advise the industry how to save energy and raw materials and avoid the production of waste. The branding of this new field was 'clean technology'.

The concept had its merits and led to some progress. However, it would soon become clear, that an approach merely based on the voluntary collaboration of the industry had its limitations: 'clean technology' became 'cleaner' technology, whereby, interestingly enough, 'cleaner' meant less clean. The claim that industry, transport and other economic activity would become entirely clean, was both too euphoric and had little

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credibility. The 'greening' of the industry notion ended up representing a long-term process rather than a short-term goal. In turn, this led to the enlargement of the concept of clean technology to the modern concept of sustainable development. This enabled the social sciences to enter the field and led to an increase of topics related to environmental problems by underlining the societal aspects.

Sustainability is a conservative concept: it emerged from the field of biology and is associated with the preservation of the natural environment in a given landscape. It is about maintaining the autarchy of specific biotopes; in this context, 'migration' is seen as endangering the resident species by inducing changes in an otherwise unchanged and closed eco-system. This view is, of course, naive, also within biology. However, with the rise of socio-biological concepts, such views proliferated, even at the core of the social sciences. They served as an ideological base for xenophobic and populist movements. What in biology is simply naive, can be quite dangerous in the social sciences. This ideology is not merely present in right-wing circles, but also in extremist anti-globalization movements and radical green approaches.

Knowledge 'travels' while democracy is about negotiations among stakeholders. Consequently, capitalist economies used the concept of sustainable development to call for the inclusion of economic goals into the environmental discourse. The introduction of economic growth as a prerequisite for the achievement of environmental goals impacted significantly on the basic concept of sustainability. Growth, by definition, is about change. From its originally static concept, sustainability turned into a dynamic one. In this respect it did not matter whether the costs for environmental protection were conceptualized as external costs to be internalized, or whether these costs were to be taken care of by the state: even if the state will end up bearing these costs, the budgetary implications are usually higher taxes. As a result, sustainable development becomes conditional on 'sustainable growth', as increasing costs necessitates greater means for bearing these.

Economic growth leads to increased profits. This raises the question of social justice: a booming economy with high unemployment is unacceptable to the public at large, which, instead demands a fair distribution of welfare gains. Social issues thus enter the realm of sustainability: education and training are expected to help with the (re-)insertion into the labour market. Higher wages mean greater social justice but also greater consumption demand. In his inaugural lecture at the University College, Pearce discussed this issue in a comprehensive manner (Pearce, 1985). It is fair to assume that most economists would agree that, given consumer environmental consciousness (and a commitment to fair trade), sustainable development could become a societal *perpetuum mobile* producing wealth and justice.

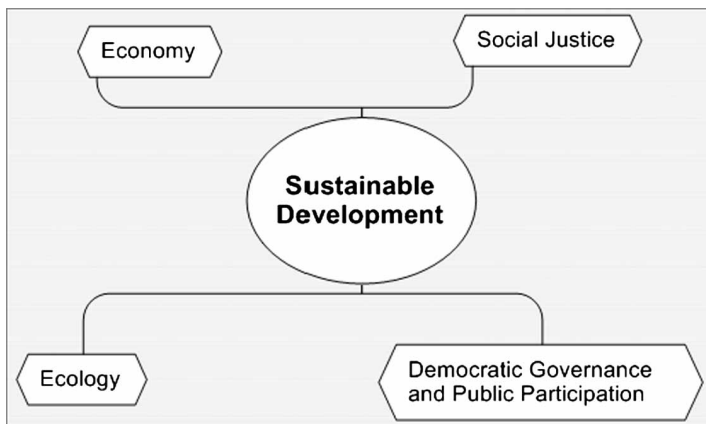
In the literature, the three components ecology, economy, and welfare are often presented as comprising a so-called 'sustainability triangle'. Environmental responsibility, social responsibility and economic responsibility are three equally important cornerstones. Furthermore, sustainable development is a global and complex issue that cannot be confined to specific areas, countries or regions (Rex-Redclift, 1993). Originating from the Brundtland-Report in 1987, the concept is referred to in public policy as well as in various corporate social responsibility charters.

Strictly speaking, the concept of sustainable development is not a scientific theory, but a policy approach (Rex-Redclift, 1987). The Brundtland-Report was meant as a policy paper, and, with a certain time lag, the Community policies followed the recommendations. Today sustainability is an horizontal issue mentioned in nearly all European policy

documents, even if not always translated into policy measures. It thus also became part of regional policy.

However, the concept of the sustainability triangle lacks a very important element, namely, 'democratic governance', here used to refer to public participation, culture, and political mobilization. Democratic governance is itself a tricky concept, and raises the question of legitimacy and credibility. In traditional democracy, the decision structure was quite clear. Basically, political decisions were taken by elected representatives, under a varying influence of the social partners representing the interests of capital and labour. Civil society has rightly questioned the contemporary relevance of this concept. I return to this aspect later.

For the moment, it is important to underline necessity of transforming the sustainability triangle into a 'sustainability rectangle'.



The increasing role of the regions: the concept of multi-level governance

In March 2000, the European Council launched the Lisbon Strategy with the ambitious goal to increase the competitiveness of the European Union. This strategy is based on three principles: with regard to the *economy*, the focus is on the knowledge-based economy; this also includes research and development. In view of *social integration*, the strategy advances the idea of a European social model that includes investment in education and training, but which otherwise remains largely undefined. A year later, in 2001, in Gothenburg, the European Council added *ecological issues* to the Lisbon strategy.

As many of the policies targeted by the Lisbon agenda fall under national competence, the Commission calls for the application of a new mode of policy-making, namely, the 'open method of coordination' (OMC). This is basically a bargaining process following the subsidiarity principle of the Amsterdam Treaty. Following agreement about common objectives, implementation rests with the member states, while the European Commission maintains a supervisory role and – unofficially – a steering function.

It soon became clear that the Lisbon strategy had to be more inclusive in order to achieve its goals. The European Commission was obviously interested in regional collaboration. However, the role and decision power of regions differs quite significantly, according to the constitution of the respective member state. This also applies to research and innovation activities. Insofar as sustainability is concerned, this was mentioned in 1999

as a condition for the use of European Structural Funds (European Commission, 1999). Later, the European Commission defined the role of the regions in the European Research Area (ERA) as follows:

The key message of this Communication is thus, that European regions may now prepare to fully play their part in the new European and global economy, by developing consistent agendas in research and innovation. (...) To this end, integrated strategies supported by relevant Community policies (as it is the case with research and cohesion policy) will bring faster results, interconnecting regions into the fabric of a truly European Research Area (European Commission 2001, p.27).

In order to improve the regional institutional capacity, the European Commission devised the 'Community regional innovation and technology transfer strategies' (RITTS). The first two calls of the RITTS programme were launched in 1994 and 1996 and targeted a total of 42 regions. The aim of this programme was to arrive gradually at a common European innovation strategy. An evaluation report published by the European Commission in 2001 gave a favourable opinion and the programme was renewed. In particular, the report highlighted the positive role of the programme in terms of introducing strategic thinking at the regional level. However, the report called for the application of benchmarking instead of the much criticized 'best-practice' method that was more of a public relation exercise than an instrument for mutual learning. While the criticism with respect to the best-practice methodology is quite plausible, the benchmarking alternative creates some serious methodological and conceptual problems. I discuss these below.

The problem: what is a region?

Speaking about regions, one problem that must be discussed and which is far from trivial is the following: what is a region, and does proximity matter?

The administrative answer to this question is easy. Regions can be defined by the NUTS classification, the more so, if administrative practices follow this arrangement. But political and administrative arrangements are not always in line with the real economic and social processes.

Take the example of urban agglomerations. The urban area often includes the hinterland, and social and economic actors living and working there tend to understand themselves as part of the wider metropolitan area. The competition between the centre and the hinterland introduced by administrative arrangements might lead to competition about subsidies or tax benefits, hence also for investors deciding about the settlement of their enterprises. For the citizens of the specific region the distinction is often irrelevant. What counts is whether the commercial activity of the established enterprise contributes to the well-being of the population: more and better jobs without too much environmental damage.

Alternatively, take the case of cross-boundary regions with weak political arrangements. A concrete example is the CENTROPE region between Vienna and Bratislava, with the inclusion of Southern Bohemia and Western Hungary. This region has witnessed several inter-regional social, cultural and economic activities, despite the fact that, on paper, that is administratively as well as statistically, it does not exist. The case is even more complex when such inter-regional cooperation transcends the borders of the European Union. In the EUROCOOP project, for instance, we found that the region of

Lublin collaborates quite intensively with the neighbouring Byelorussian region. With respect to benchmarks and scoreboards: how does one find appropriate indicators for this case?

At a different level, the cooperation between metropolitan areas creates conceptual differences insofar as it suggests that Europe itself is often best perceived and analyzed as a region. The cooperation between metropolitan areas often also explains the presence of clusters in other regions: this occurs when multi-national corporations decide to install branches in specific areas in order to save costs or because of the qualification structures. Statistically one might then find a cluster in a region. A closer look reveals that, in fact, cooperation takes place at urban level between metropolitan areas, the regional units serving as mere implementing laboratories with no specific organic connection to each other or even their headquarters.

None of these real existing phenomena can be analyzed properly through a benchmarking approach.

The scientific challenge: working with and for Europe

Scientists working on European projects, or more precisely, on projects for the European Commission, face a serious problem, namely the problem of scientific independence.

It is true that the Commission has introduced evaluation procedures that suggest that scientific independence is guaranteed: there is an evaluation process that involves independent experts working according to transparent criteria. Furthermore, there are independent observers that ensure that the rules are kept.

There are, however, elements that distinguish the scientific work in a European project from that in traditional academia. The calls for proposals are related to specific policy concepts using a political language. For the evaluators who are selected to act as referees the rules are set by the calls. This implies that research teams must submit their proposals in the framework of the call-specific language (euro speech) and this can limit the scientific approach. Multi-level governance, for instance, is one of the buzz-words and an axiom that frames the topic and methods of many projects, albeit in ways that are not always theoretically consistent or normatively transparent.

The EUROCOOP project is another example. EUROCOOP is a specific support action of the Priority 8 'Structuring the European Research Area-Research and Innovation' of the 6th Framework Programme. Its full title, as already noted, is *Regional Innovation Policy Impact Assessment and Benchmarking Process: Cooperation for Sustainable Regional Innovation*. Its policy context was the development of a benchmarking process. Eight projects were commissioned under this priority action. From the beginning, the Commission tried, with the help of an external consultant, to push all eight projects in the same direction, applying the same methodology, in order to allow for a new and more developed scoreboard based upon more sophisticated indicators. The discussion among the representatives of the eight projects and with the European Commission's task officer was a good example of democratic governance: the discussion showed that such an approach would not suffice for scientific, pragmatic as well as political reasons. The beauty of having eight different approaches is that this allows comparisons between efficiency and effectiveness of different impact assessment methods. The freedom of science and

research increases the credibility of the results. And, last but not least, there is never one single truth. Yet, that it was necessary to negotiate this matter is telling...

Another problem is the assessment scheme the evaluators have to follow. Scientific excellence is just one of the criteria that are to be judged. Other criteria include mere commercial benchmarks, like management capacities and project planning, that, in turn, follow uniform and standardized rules. A project is to be divided into work packages and related deliverables. This might be fine for technological development projects; within the broader field of social science and humanities research, such a strict scheme is not always appropriate.

We will not go further into this subject that deserves a full special issue on its own. It is, however, relevant to note this here briefly as this issue is based on a European project.

The topics addressed in this issue

Bjørn Asheim introduces a theoretical and analytical framework for discussing regional development and regional advantage as well as the regional innovation system strategy. He uses the differentiated knowledge base approach to transcend the traditional codified-tacit dichotomy of knowledge, and for providing a trans-sectoral understanding of economic activities. The author argues that various types of regional innovation systems are related to varieties of capitalism perspective. Regional innovation systems exist in various forms, and this opens the perspective of mutual learning.

Julie Pellegrin criticizes the approach of the European Commission to innovation, unanimously embraced in a context in which regional research and technology development and innovation (RTDI) strategies became the exclusive way to competitiveness and growth at the regional level. As the concept has tacit underlying assumptions that include contradictions, regional innovation policies often end up not being comprehensive at all.

In her contribution, *Elvira Uyarra* scrutinizes the concept of regions, particularly the role of knowledge and learning, competitiveness and capacity-building. The argument here is that the actual use of these concepts is based on overstated assumptions without sufficient empirical evidence.

David Alcaud and *Emmanuel Brillet* consider the models of regional development in France and the role of innovation in this concept. More particularly, they look at one of the most innovative regions in Europe, Paris and its surrounding Île-de-France.

The contemporary concept of innovation is not limited to technological innovation, nor is innovation a goal in its own. Rather, it should be understood as an element of a successful regional development strategy that is linked to the concept of sustainability. Hence, regional innovation strategies must enlarge to integrate social innovation and ecological goals. However, regional policies have to cope with diverging stakeholder interests. For instance, conflict may occur between innovations that lead to landscape change and tourist enterprises that are focused more on preservation. New industrial implantations, or infrastructural projects, increasingly face the protest of local populations.

A comprehensive policy has still to be developed: it would require knowledge among actors and the readiness to share power between all stakeholders. Such a comprehensive and democratic policy would lead to good governance of innovation policy and, more broadly, regional policy.

Indeed, the European Commission does not agree with the critical approaches the authors of this issue put forward. In his policy paper, *Pierre Vigier* starts from the observation of Europe's weakness in terms of competitiveness that is mostly related to innovation. Structural factors such as weak linkages between science and industry and unfavourable conditions for fast-growing SMEs explain, in his view, the inadequate levels of knowledge creation. Innovation policy measures that actively support the emergence of innovative firms and lead markets are necessary for transforming Europe into a leader in the knowledge economy. Cluster and open-innovation policies can foster innovation responding better to individual needs, while national reform programmes should foster society-driven innovation paying greater attention to the regional level. This paper outlines the key assumptions and premises of the European Union's contemporary innovation policy.

As editor, I am honoured to submit this special issue to the academic audience in the hope of provoking a wider debate on the issues raised. The issue offers the reader different views on regional innovation policy. Concentrating on regions as key actors, but also as a target for sustainable innovation policies, is a policy concept that is bound to fail. A global and comprehensive perspective is required. The instrument for a successful strategy is good democratic governance that ensures that regional policies as much as innovation policies are contextualized. The reasons are obvious:

First, successful innovation policies require the support of all stakeholders. This implies that the focus should be shifted towards the decision structures and the distribution of power in democratic societies. In Europe, the framework is defined by the concept of multi-level governance. This leaves the power with the member states and the European Commission. No European Parliament involvement is currently foreseen, nor is the civil society considered. Indeed, 'civil society' is a vague concept, and social movements have often a limited democratic legitimacy: their often-voiced claim to represent society, or relevant parts of it, is unjustified. Most of the social movements are single issue movements that are, furthermore, driven by specific ideologies. The same holds, however, for the lobbies that seek constantly to influence European policy makers, as much as for national governments that follow their own interests. Inclusive policies have to take the variety of interests into account. This requires an appropriate regulatory framework, in the absence of which governance becomes an excuse for avoiding accountable policy decisions.

Second, the concept of innovation has to be enlarged away from mere concentration on the instrument of benchmarking, which is more of a political buzz-word, not capable of tapping on the complex issues involved. Scoreboards might approximate some basic trends at the national level, though in quite superficial manner. A policy comparison requires a clear research design and a sophisticated scientific data collection with indicators that represent the information required for the problems at hand. Benchmarking is based on the lowest common denominator, namely the data available in the less advanced state. Comparison on this base does not suffice for a reasonable scientific concept.

At the regional level the concept of 'benchmarking' is entirely meaningless, as different types of regions have different goals for their development. A general goal is to guarantee a reasonable level of life quality for the whole population. The means to reach this general goal are, however, quite different. Innovation is a necessary means, but what is to be defined as innovation varies according to the type of the region and the aims a

region defines in its development strategy. Innovation as a merely technological concept is always problematic, but one may accept this for the motor regions like Paris-Île-de France, Vienna and others. Still, even there, technological innovation is just an instrument to achieve the more general goal of increasing the well-being of the population through fair distribution of wealth, power, status, and education, or, in short, through sustainable development. In peripheral regions, innovation can be something very different: the improvement of the social and cultural infrastructure, the development of soft tourism, or biological agriculture and food production. One cannot use the same benchmarks for motor regions and peripheral ones.

Advanced democracies are quite complex, and in this respect the topic this issue is dealing with serves just as an example for this complexity. Sustainable development is an overarching subject, regional policies and innovation the specific topic. It is obvious that the problems raised here cannot be addressed with scientific methods alone. Democracy is related to political and social movements representing policy owners organized around specific utopias and ideologies. Social sciences can contribute to the societal progress by looking beyond the ideologies and by defining the base-line for compromises to settle conflicts of interests, before these become conflicts of identity that leave no room for negotiated solutions.

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