

Innovation and Sustainable Economic Growth

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Outline

- Knowledge Regions: they do matter!
- The Triple Helix: *universities-government-industry*
 - The nine factors of success
- Social Capital
- Human Capital
- Geography is not Dead





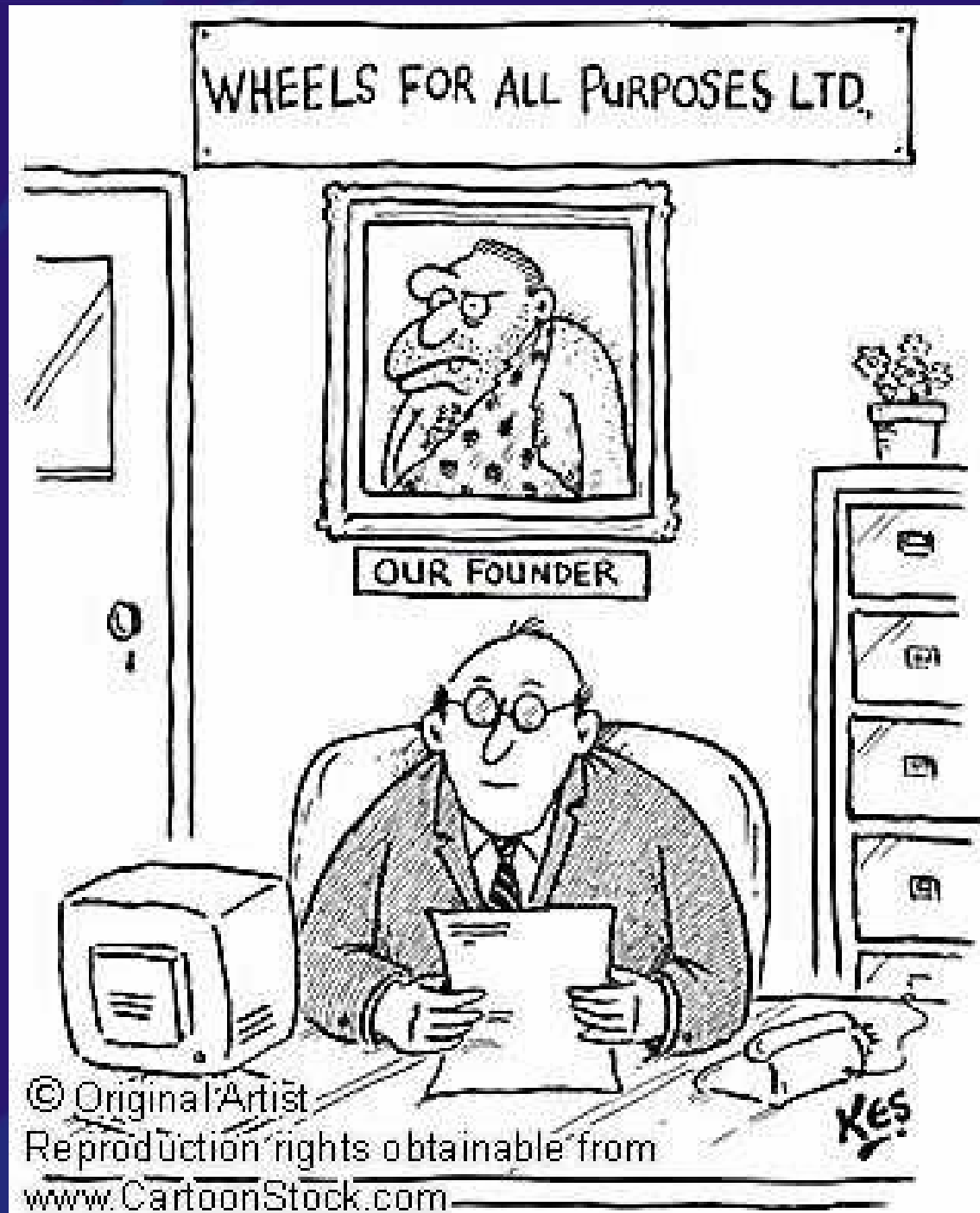
NICE ROUND THING!

.. I CAN SEE IT ALL .. WHEELED TRANSPORT.. FASTER THAN SOUND MACHINES.. CIRCULAR MINTY SWEETS WITH A HOLE IN

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UG WAS TO REGRET NOT SEEING THE POTENTIAL www.CartoonStock.com



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Knowledge Regions

Ideas have economic power

- Means of production:
 - Capital, natural resources, labor
 - Knowledge and innovation,
coupled with favorable local conditions
- High value added from innovation



Knowledge Regions

- The end of manufacturing is upon us. Think “The Thin Red Line.”

- ***Tex Control***

- ***Fabrica***

- *Architects, musicians, web de*



Knowledge Regions

Knowledge – Innovation – Economic growth

Knowledge workers

Sticky business

Knowledge Regions

Knowledge regions, European Parliament, 2003

Knowledge regions, FP7, European Commission, 2007

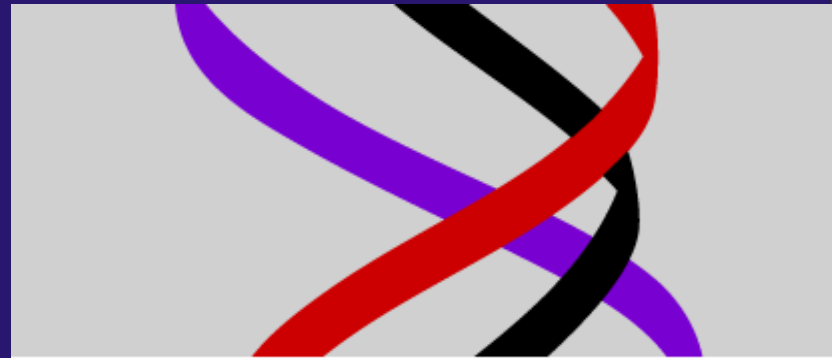
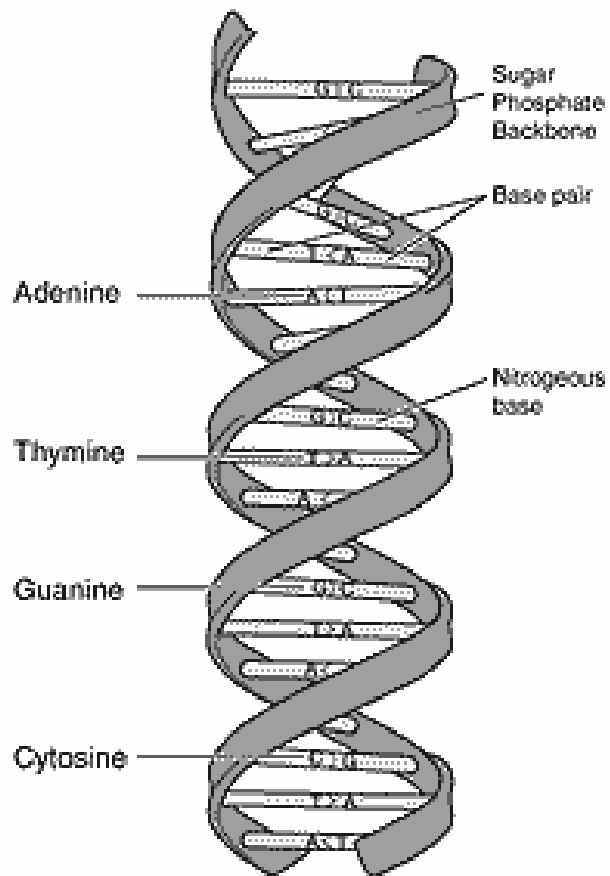


The Lefkosia Knowledge Region

- 750 million Euro from FP7
- Participate in EU initiatives
 - Renewable energy sources
 - 6% today
 - 20% by 2020
- Attractors of human capital



The Triple Helix



**Universities
Government
Industry**

Factors of success for knowledge regions

- Innovative sectors of economic activity
- Strong forces of innovation in all organizations
- Appreciation of a culture of knowledge
- Free flow of information
- Significant support for creative activities
- Strong ties between the arts and culture, with scientific and technological knowledge
- Significant percentage of the work force engaged in innovative activities
- Active participation of citizens in shaping the urban environment and its special character



Factor of success for knowledge regions: Why do they work?

- Social Capital
- Human Capital



Social Capital

- Strong ties among members and organizations of a society based on a set of common values that promote collaboration:
- Honesty
- Keeping promises
- Reliability in performing duties
- Professionalism
- Reciprocity



Social Capital: Constructive or Destructive

- Economic value added
- Free flow of information
- Based more on habits and less on logic
- “Rousfeti” (nepotism), Mafia
- Government role:
 - Do not reward small groups with large internal social capital
 - Create a stable environment
 - Do not interfere with civil society and the private sector
 - Education preserves and increases social capital



Social Capital: Preservation and creation

Education:

Humanistic AND Technocratic

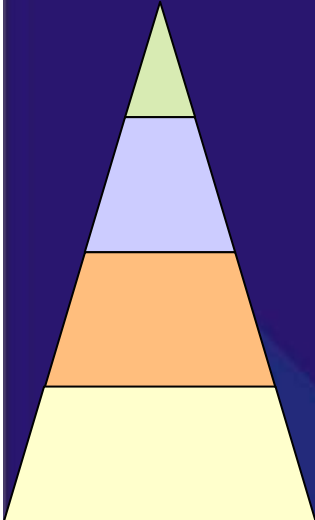
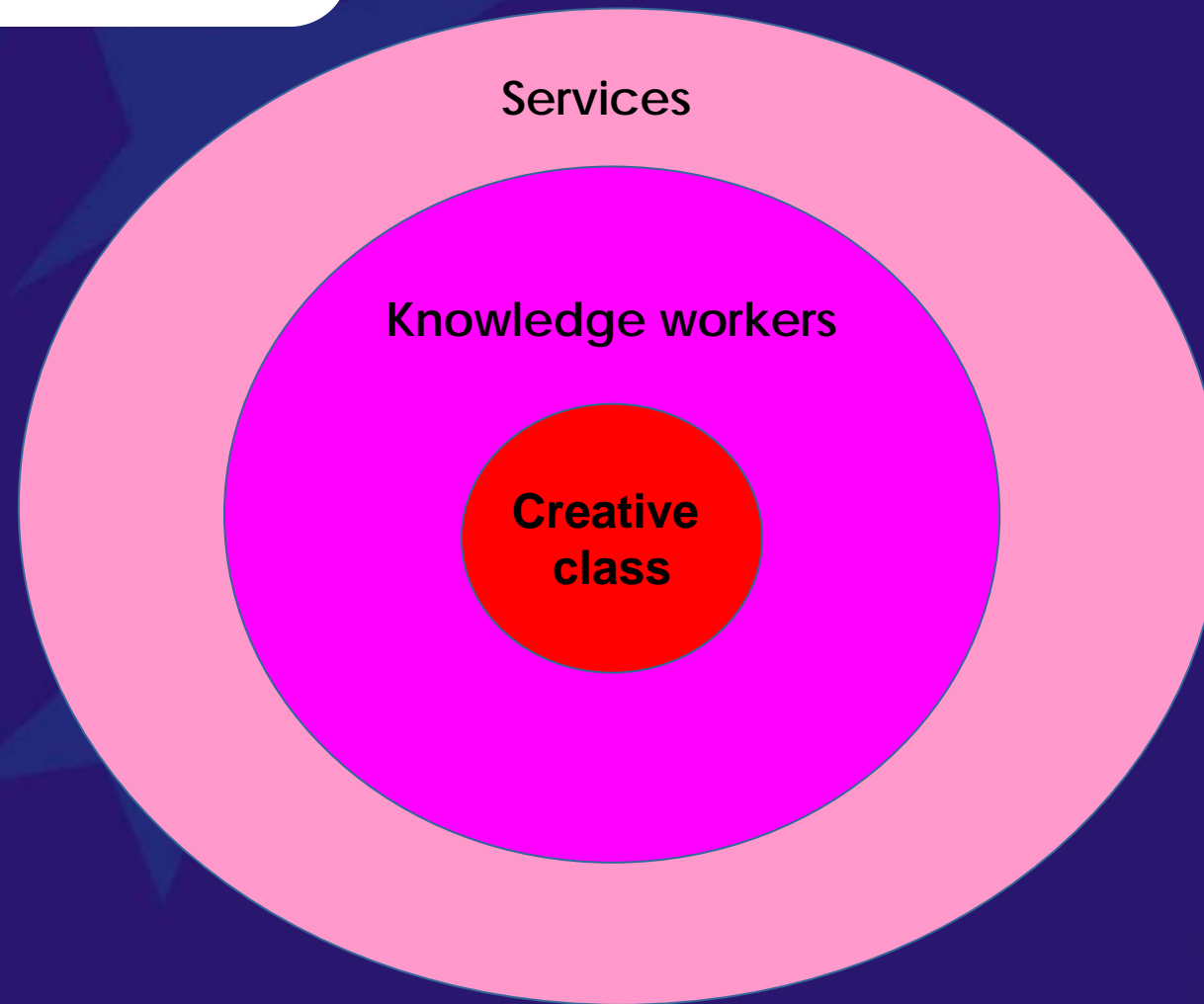


Human Capital

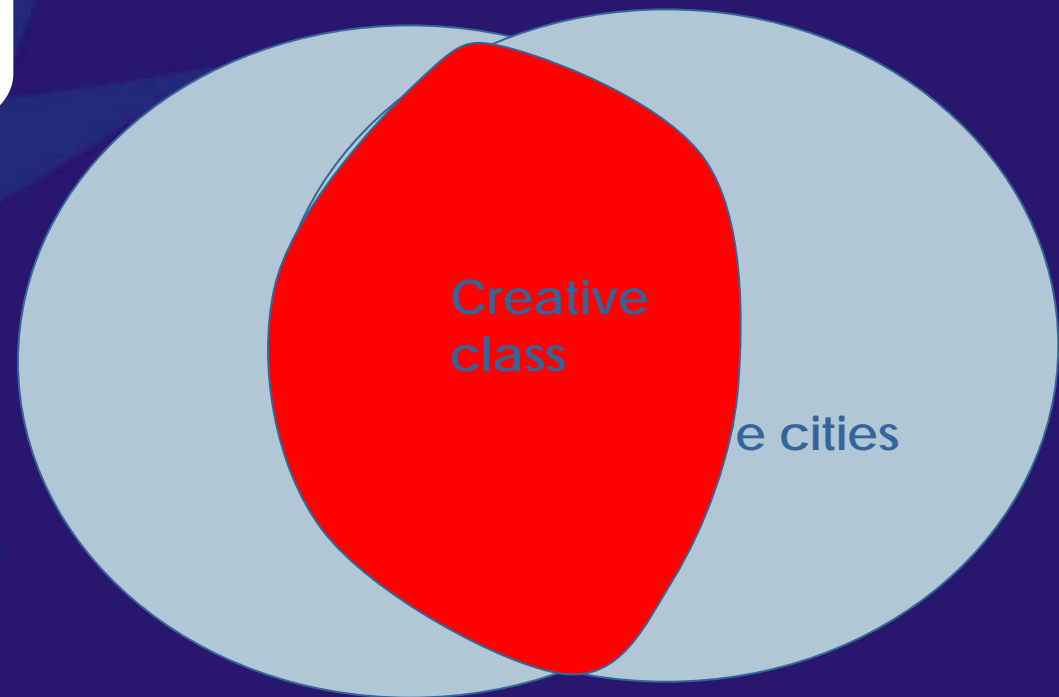
- Cities of the industrial age:
 - Cost effective production of products and services
 - Access to natural resources or transportation hubs
- Cities of the innovation age
 - Critical mass of “knowledge workers”
 - Attract the supercore of the “creative class”
- Robert Lucas, Nobel Prize in Economics, 1995
- R. Florida (2005), Cities and the creative class



Human Capital



Human Capital Attractors



- Austin, TX, Dublin in Ireland, West Jutland in DK,
- Route 128 in Boston, Silicon Valley in CA
- Brescia and Como in N. Italy
- Lefkosia ? Riga ?



Geography is not Dead!

- Free flow of information:
 - “Intellectual rights cross streets and corridors more easily than highways or oceans”
- Attract specialized suppliers
- Attract labor pool
 - “For what other reason would people pay the high rents in New York and Chicago than to be near other people”
- Reach critical mass at supercore!



CONCLUSION: The Factor of success

Leadership with

- **Vision**
- **Knowledge**
- **Patience and**
- **Perseverance**



Conclusions

*God, grant me the
SERENITY to accept the things I cannot change,
COURAGE to change the things I can, and
WISDOM to know the difference.*

Damn the torpedoes! Full speed ahead.

