Regional Development: Is There a Universal Model?

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In the 1970s the world faced a very important paradigm shift of an economic and administrative nature, when the previously dominant Fordist system of production organization faced serious a crisis, and was replaced by a new mode of production which has been primarily based on flexible relationships among local actors, knowledge-oriented economies, endogenous innovation, networks of local industries, and social capital. As the Fordist system, with its rigid organizational structure, proved inadequate to meet the new challenges of a globalized capitalist economy, the new paradigm of regional development based on endogenous local capacities became the remedy and possible answer to newly emerging crises in the capitalist world economy. From when the theory of New Regionalism first started to emerge, there have been many successful regional development stories; Sophia-Antipolis in France, Baden Wurttemberg and Munich in Germany, Cambridge in the UK, Stockholm in Sweden, the Randstad in Holland, and Silicon Valley and Route 128 in the USA. Needless to say, the significant level of success and progress that many regional development cases in the world showcase is well known. Therefore, many prominent scholars point out that only through regional entrepreneurships is it possible to properly confront the increasing challenges coming from the global capitalist economy, and to present an alternative method of organization to the people "at the end of tunnel." As (Scoot, 1999) stated it, agglomeration is a basic and indispensable model for successful development in the economic world. However, taking into consideration the possibility that every region has its own geographical, institutional, organizational, and above all, cultural characteristics, which can be very different from other regions, a logical question should be asked; is it possible for a region to proceed with development utilizing strategies and techniques that other regions have successfully used in their development processes?

Without any deep and detailed analysis of successful regional development cases, though, implementing their unique systems of development directly into other regions can result in a waste of time, material, and human resources. Therefore, regional development is a process of "not falling for the myth of technopolization, for the risk is wasting resources by building cathedrals in the desert" (Camagni and Quevit, 1992, p.27). Every region has its own identity and unique characteristics which are part of a bigger national culture. In this light, Todtling and Trippl (2005) argued that there is no single entrepreneurial regional policy which can be directly applied to other regions. Thus, regional development is a dynamic process in which we cannot simply make an imitation or copy of other successful regional development cases. Though, it is possible, to some minimum extent, to make use of some successful regional development strategies from one region and apply those to another region that possesses similar geographical, institutional, organizational, and cultural features. However, a region can develop and make long-term progress utilizing only its unique cultural traits and endogenous local capacities.

Today there are a significant number of scholars who claim that regional development is highly linked with the usage of endogenous capacities and the unique features of one particular community. In other words, it is the specificity and uniqueness of a region which can make that particular region competitive in the broader market of the capitalist economy. In this light, Scott and Storper (2003) suggested that certain endogenous characteristics of locality are very influential in the regional development process. They also (2003) add that in the contemporary world, regional economic specialization is rising as a response to globalization's intrigues. Quere (1997) argued that Sophia-Antipolis has made use of its endogenous features which have made it highly competitive and attractive to the world economy. Quere (1997) also added that the competitive advantage of the Sophia-Antipolis region was generated from its internal functioning based on the originality of the accumulation of diverse resources. For Fujita (1999), the progress of one region depends greatly on its local circumstances and the local networking of various sectors.

Bellandi stated that “the assessment of the endogenous innovation capacities of the industrial districts …. is a key issue” (Bellandi, 1994, p.73). Similarly, Morrison (2000) argued that an “entrepreneur spirit” is among the keystones of the motivating forces of regional development.

Furthermore, Storper and Venables (2002) pointed out that local relational assets manifested through regional networks cannot be the same in every location. In addition, untraded interdependencies naturally are place-bounded and have a culturally rooted character, and cannot, thus, be transferred easily from successful to less successful regions (Becattini, 1990). Such highly motivated domestic culture is based on the awareness that more specialization is necessary in order to properly meet the challenges of the global capitalist economic world, where diversity of products is the rule of the game. Thus, a region can create a comparative advantage by specializing in some industrial branch (Amin, 1999, p.368). Regions can use their existing local resources and potential in order to present to the global market their special and distinct products, which is actually the milestone and basis of the Post-Fordist system of production in the sense that it pays great attention to the diversity of products and not to a previously dominant standardization system.

Also, the nature of social interactions between individuals living in a particular region is crucial for the development and progress of a region. This has even greater importance and weight if we keep in mind that the new regional development mode does not consider economy and society separately, as was the practice of classical economic theory. That is, some scholars claim that we cannot make simple economic calculations based on pure pragmatist and mechanistic approaches without taking into account the important role and capacity of social capital and civic associations, in cases of regional development. As Putnam (1993) points out, the Italian model of development was under the strong influence of “social capital” and civic traditions which can be seen in the activities of local civil society. Amin (1999) argues that both the widespread participation of people and social empowerment are likely to contribute to the rise of economic development. According to Granovetter (1986), the exchange of human labor in the region operates through dense social networks. Similarly, for Asheim (1985), the spatial proximity of regional entrepreneurs was a very influential factor in preparing the basis for inter-firm networking, based on information flow and the exchange of human and material resources.

According to Biggiero and Sammarra (2001), the sense of local identity and “depersonalized trust” between local actors contributes, to a significant extent, to the cooperation, coordination, transfer of knowledge, and innovation between regional firms and companies. According to Keating (1997), there always exists some kind of unique territorial identity that significantly contributes to the evolution and continuation of structured patterns of cooperation and exchange. Cooke and Morgan (1998) argued that trust among local actors was very important for the economic development of a region. They (1998) added that trust is something that contributes to confidence and mutual gain for all parties, and as an important segment of culture trust cannot be bought, but simply evolves over time. As Fox (1974) says:

“the participants share certain ends and values; bear towards each other a diffuse sense of long-term obligations; offer each other spontaneous support without narrowly calculating the cost or anticipating any equivalent short-term reciprocation; communicate freely and honestly; are ready to repose their fortunes in each other’s hands; and give each other the benefit of any doubt that may arise with respect to goodwill or motivation.”

Cooke and Morgan (1998) also stated that stable inter-firm relationships were based on informal high-trust interactions. Krauss and Wolf (2002) claim that close social relationships were an influential factor in the progress of the Baden Württemberg region in Germany. Similarly, Adams (2003) contends that regional solidarity has characterized relationships between individuals in the Silicon Valley region, making this region one of the most successful and most attractive in the world. Thus, the social identity and culture of one community is a fundamental factor in the development and improvement of that region. Some scholars point out that it is the sense of belonging that is a strong motivating force upon individuals, which makes them contribute greatly and uncompromisingly for regional comparative advantage and regional progress.

As mentioned before, the geographical circumstances of a region can be a decisive factor in that region’s development. Thus, Quere (1997) argues that it was the good and attractive geographical location of the French

Riviera which greatly contributed to the establishment of Sophia-Antipolis and its significant success story. Quere (1997) also adds that it was the "Nice international airport, the pleasant climate, the quality of accommodation and local infrastructures, and a cosmopolitan cultural tradition" that was central to the high attractiveness of the region and its progress regarding R&D activities and high-technology developments. Cooke and Morgan (1998) argue that what lies behind the success story of Baden-Württemberg is its good geographical location, as it is naturally a "sunbelt" region and sometimes popularly called "Germany's California." In addition, it is crucial for continuous and long term regional development to attract highly skilled human labor and profitable investments from other places. Thus, Longhi (1999) points out that it was geography, sun, and a pleasant climate which attracted human labor and investments to Silicon Valley and Sophia-Antipolis. As Florida (1995) states:

"Quality-of-place- particularly natural, recreational, and lifestyle amenities- is absolutely vital in attracting knowledge workers and in supporting leading-edge high technology firms and industries. Knowledge workers essentially balance economic opportunity and lifestyle in selecting a place to live and work. Thus, quality-of-place factors are as important as traditional economic factors such as jobs and career opportunity in attracting knowledge workers in high technology fields. Given that they have a wealth of job opportunities, knowledge workers have the ability to choose cities and regions that are attractive places to live as well as work."

Similarly, for Scott and Storper (2003), economic development of a region is highly dependent upon the existing geographical conditions. Herbig and Golden (1993) claimed that highly skilled human labor from Taiwan, Vietnam, Korea, and Japan went to Silicon Valley searching for better living standards. It can be the image and high reputation of one particular region that is a decisive factor in its attractiveness to potential newcomers. Thus, Keeble (1999) thought that many people moved to the Cambridge region with the primary purpose of simply having a home address in such a highly reputable and famous region.

When the pace and nature of regional development is concerned, it is possible to state that institutional structures can play a very crucial role. In other words, the nature of the relationships between a state and regions, between regional SMEs (small and medium enterprises) and other companies, and also between university or research centers and regional firms and companies, can be a fundamental factor for the positive economic development of regions. According to Cooke and Morgan (1998), in the Baden-Württemberg region a cooperative ethic as an institutional feature of the region was manifested well through technology transfer work, based on the healthy collaboration between private-public institutions and in the close interactions between universities and local industry. Also, Cooke and Morgan (1998) stated that good relationships between government and local corporations and firms, and also intermediary organs consisting of regional institutions and organizations, played a very crucial role in the harmonious functioning of the Baden-Württemberg region. Quere (1997) pointed out that both local and national public policies and local infrastructure attracted international investment, and also greatly contributed to the making of the image of the Sophia-Antipolis region as one of the most reputable in Europe for its ICTs technologies. In some regions, universities and research centers play very significant roles in the regional developmental process. Cohen and Fields (1999) give the example of Stanford University, which established close partnerships with other Silicon Valley regional institutions. Similarly, Herbig and Golden (1993) mention MIT in Massachusetts, which is located in the Route 128 area of Boston. Sternberg and Tamasy (1999) argued that Baden-Württemberg and Munich have made use of prominent and globally prestigious universities in their respective regions.

In addition, concerning further discussion of the institutional structure of particular regions, Krauss and Wolf (2002) point out that inter-regional communication and good experiences of cooperation between workers and employers, together with a positive and optimistic atmosphere between political actors and business organs, had a considerable influence on the development of Baden-Württemberg. Furthermore, in a similar line of thought, Blau (2001) claimed that R&D activities financed both by private and public institutions had a very significant role in the success of the Stockholm region. To help regions succeed in the harsh conditions of international competition, good and cooperative relationships between central government and local authorities can be a decisive factor. Sternberg and Tamasy (1999) pointed out, in their study of the Munich region, that federal government policies contributed significantly to the prosperity of the region, making investments in infrastructure and industry. Furthermore, national economic conditions as a part of the general institutional structure can also influence the process of regional development. According to Scott and Storper (2003), the development of any region is highly affected by the general economic conditions of the state.

Instead of a conclusion, I would like to note that I think freedom, above everything else, is a crucial and decisive factor for the development of a region. It is almost universally accepted that for humans to make progress they should live under circumstances where freedom of thought and freedom of choice are the rules of the game. Thus, in his well known book *The Prince,* Italian thinker and philosopher Niccolo Machiavelli claimed that for progress to be achieved freedom is the most necessary factor. If local actors are not given the opportunity to freely and independently, without an "iron hand from above," an develop their strategies and techniques for development, then they cannot make proper use of local endogenous capacities and existing potential. Ideas such as freedom and autonomous action can be separated into two strands. The first is established upon freedom and autonomy in relation to central government authorities, while the second is more organizationally oriented. As Keating (1997) states, in the theory of New Regionalism of the 1990s, region is not bounded and controlled by the nation state anymore, but under newly emerging conditions it acts more autonomously as part of a complex network of relationships between regions, states, international organizations, and global economic market actors.

In other words, since the 1970s, regions have become highly decentralized from central government. With regard to the organizational aspect of freedom and flexibility, the perfect example is the Japanese type of organization. Japanese organizations are based on the principles of high autonomy and flexibility of relationships, which are based on a unique Japanese culture. As Jackson and Tomioka (2004) point out, "organizations are people." In their research (2004) these two prominent scholars claimed that when some American firms in 1980s tried to establish an organizational structure similar to that of Japanese firms they were unsuccessful. Therefore, because every country has its distinct and unique cultural features, each country's economic and regional developments always go in unique and location-bounded directions.

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