



Munich Personal RePEc Archive

**The European community's regional
development and innovation: Promoting
'innovative milieux' in practice**

Landabaso, Mikel

September 1993

Online at <https://mpra.ub.uni-muenchen.de/115014/>
MPRA Paper No. 115014, posted 02 Nov 2022 14:15 UTC

The European Community's Regional Development and Innovation: Promoting "Innovative Milieux" in Practice

Introduction: The Community's Regional Policy and Regional Innovation

The main aim of the EC's regional policy is to create conditions conducive to sustained economic growth in the less developed regions. Sustained development in such regions depends basically on two types of conditions.

First, there are the so-called *necessary conditions*, the provision of basic infrastructure (communications, telecommunications, energy, etc.). These variables, on which there is wide agreement in economic literature, are generally quite easy to quantify and have traditionally been the major task of the administrations responsible for regional development. Without minimum standards in these areas, efforts to raise the level of development of the most disadvantaged regions may be considered doomed to failure. Hence, the bulk of measures undertaken by the structural funds and of their financial contributions have been directed at this problem and this will probably continue to be the case in the future, particularly with regard to the least developed and remotest areas of the EC.

There also exists, however, a second type of condition, much more difficult to define and quantify, but which must be addressed by any genuinely effective regional policy. These are what I shall call *sufficient conditions* (business culture, innovative capacity, institutional organization and efficiency, degree of openness to the outside world, quality of management and the workforce, etc.) (Landabaso & Diez, 1989). These conditions are less clear-cut than the necessary conditions but not less important. They relate mainly to the capacity of firms in less developed regions to adapt in order to consolidate and diversify their activities and to increase productivity and develop new market opportunities so that they can retain their competitiveness in a continually changing international market.

The capacity to adapt depends to a large extent on the possibilities actually available to firms to secure access to innovation and technological developments in the short and medium term. It also depends on how much of the effort put into research and development can be turned into new products or processed in the long term.

EC regional policy must therefore address the question of satisfying both the necessary and the sufficient conditions. In our view, policy is developing in this way. The structural funds are aware that in the end, achieving economical and social cohesion depends on firms in the less developed regions being able to compete economically with those in the central regions of the EC (Landaburu, 1993). The funds are the main way of reaching this goal, but they are not the only one. We should not forget that the final aim of regional policy is to create the conditions in those regions that will permit increases in per capita incomes and which will expand job opportunities.

The author wishes to acknowledge the help and comments of Robert Shotton, from the European Commission, and Richard Binfield, from SRI-International. The opinions expressed in this article are those of the author and not necessarily those of the European Commission itself.