REGION: key driver for innovations and inclusive growth

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Some facts about **ITMO UNIVERSITY**

- Saint-Petersburg National Research University of Information Technologies, Mechanics and Optics or in short ITMO University is one of the leading Russian universities;

- ITMO University provides training and research in advanced science, engineering and technology;

- ITMO University is the first among 15 top research universities in Russia, supported by the Russian government;

- ITMO has 14 departments offering over 300 undergraduate, graduate and doctoral as well as post-doctorate research programs for over 13 000 students from Russia and the other countries;

- ITMO has been developing research cooperation with over 100 partner universities around the world.
1 pivotal point

• politicians in many countries are drifting towards political contradictions and exogeneous conflicts, when they are professionally incapable to tackle the problems undermining their national economies

• the contemporary political and military conflicts are tightly related to economic crisis that began in 2008
Simon Kuznets

“... the changing course of economic history can perhaps be subdivided into economic epoch, each identified by the epochal innovation with the distinctive characteristics of growth that it generates”
Hence,

we have to regard innovations as a core stone for overcoming economic crisis and preventing societies from its dangerous sliding into political conflicts and uncivilized actions.
2 pivotal point

Making no difference between innovations and investments represents a crucial theoretical misunderstandings of innovations.

When investments are more about money and their surrogates, innovations are more about “resource combinations” (using the Josef Schumpeter’s words) and structural transformation of economies.
Innovations are playing the first violin for structural transformation of local, national and global economies with the financial instruments such as taxes, interest rates, exchange rates and others, playing a subordinate role.
In other words, establishment of structural goals represents the first priority in the economic strategy with the financial policy as the second serving the fulfillment of structural goals instead of simply sustaining a financial equilibrium.
3 pivotal point

the existing theory has revealed its growing imperfections and containing no prescription of how to deal with the current economic and financial crisis, regional disintegration and growing militarization.
To cope with the dramatic challenges a new economic mainstream is strongly required. Instead of Cobb-Douglas principles of economic growth based on labour and capital increments the new principles based on technological innovations (its creation, selection, application, commercialization, diffusion) should be elaborated in theory and applied in macroeconomic decision makings.
«Learning by doing» represents the most appropriate principle for introduction of new economic mainstream regarding technological innovations as a key factor for economic development and inclusive growth.
4 pivotal point

4 reasons why region (specifically changing region) is a key player for economic development and inclusive growth:

1. Regions are encountering many challenges, which enforce them to **ACT** rather than to **SPEAK** on innovations.

Facing resource scarcities, market shortcomings, elevation of transportation costs, losing traditional markets regions are strongly motivated to create a new regional technological network or cluster to adjust to that and many other challenges.
2. Every region has a very stringent economic niche to focus its technological efforts, which in turn is the premise for sound outcomes in terms of new products or processes.

This niche is determined by “regional comparative advantage”, specific for any certain region.
3. This is a steadily **life cycle shortening for any modern technology**, which requires a face-to-face interactions between R&D, business and government on a permanent basis.

Stepping accessibility of the various innovation actors represents a decisive factor for the contemporary economic growth.
4. Local economies are more flexible economic subsystems to absorb new technologies or to adjust to economic challenges quite distinctively from more complicated, resource diversified, heterogeneous economic systems in the US, Russia, European Union, Ukraine and in many other countries.
5 pivotal point

S&M companies are the main driving force for innovations:
- to invest into innovations,
- to accept a risk,
- to introduce a new product or process on the market,
- to win a commercial success
- to take over its imitators.

However, to cope with that challenges the S&M have to cooperate with the other local companies and R&D institutions within a local network, or cluster.
Regions are in the middle of the national pie: where the S&M business is below and the federal government is above. Regions are key actors for enhancing inclusive growth and prosperity for the nations, because they are more closer to the needs and capabilities of the business on the one hand and partially responsible for macroeconomic stability on the other hand.
Every region is unique with its very peculiar resource combination. It requires a very unique technological industrial and innovation policy to pursue and it has been framing a very specific strategic niche for the local S&M companies.
Regions and their local S&M companies are usually locked in within more broader economic and political environment, which blocks their innovation initiatives and development.
The main challenge for the global society in 21st century

This is misconceptions of regions.

 Regions can play an ambivalent role in the development of our society:

- the source of threats in terms of terrorism, extremism, poverty and disintegration on the one hand;

- the key drivers for innovation development and growth for the whole global society on the other hand.
We strongly need a breakthrough international initiative for creating a new innovation environment for helping regions to move forward.

As the INSME’ team we could initiate that very prominent and crucial initiative for peace and prosperity.
Thank you for the attention!