Knowledge economy - Spiky or flat?
Knowledge economy

- Knowledge ages rapidly and new knowledge is constantly replacing the old one
- Scientific (including social scientific) knowledge is highly valued
  - The scale and economic penetration of scientific knowledge exceeds distinctly the previous economic development phases
- Knowledge economies are especially characterized by exploitation of new knowledge in order to create more new knowledge

(Cooke 2002)
The belief with evidence
(with evidence)

“Regions [cities] are becoming focal points for knowledge creation and learning in the new age of global, knowledge-intensive capitalism”

“In fact, despite continued predictions of the end of geography, regions [cities] are becoming more important nodes of economic and technological organization on a global scale.”

“Regions [cities] function as collectors and repositories of knowledge and ideas, and provide the underlying environment or infrastructure which facilitates the flow of knowledge, ideas and learning.”

(Florida 1995)
Spiky or flat?
Thomas Friedman: Flat world (2005)
• Digitalisation enables -> “anything is possible anywhere”
• Based on anecdotal evidence

• Global network between cities

Richard Florida (and many others): Spiky World (the rise of... 2002)
• Innovation emerges somewhere; local conditions important
• New knowledge production tends to concentrate

Consensus
• Geography matters
Why spiky – traditional explanations

Large scale internal economies

• Firms locate their activities in one place to reduce costs
• But also, firms locate their activities in different parts of the world to reduce costs, access markets and/or tap into expertise

Localisation economies

• Many firms and other organisations may take advantage of local economies of scale when important resources (labour, information, etc) are located close to the organisation.

Urbanisation economies

• Economies of scale related to urbanisation; concentrations of assets that ‘everybody’ can exploit
  • advanced labour markets, infrastructure, logistics, services, educational services, local demand etc.
• “Pick and mix” -model
What differentiates regions that are able to sustain growth from those that are not?

- Location?
- Clusters?
- Innovation ecosystems?
- Universities?
- Human capital?
- Governance systems?
- Leadership?
- …
Railway traffic in Finland

BUT

Overly centralised spatial structure is harmful both for a country and its cities

- Balanced spatial structure with several strong cities seems to be the best
- City-regions are the core

(Source: Second Tier Cities and Territorial Development in Europe: Performance, Policies and Prospects – project)