

BOOK REVIEW

INNOVATIONS UNDER A MAGNIFYING GLASS OF AN ECONOMIST: WHAT'S NEW?

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Review of a book

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РЕЦЕНЗИЯ НА КНИГУ

ИННОВАЦИЯ В ФОКУСЕ ЭКОНОМИЧЕСКОГО ИССЛЕДОВАНИЯ: НОВЫЙ ВЗГЛЯД

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Рецензия на книгу

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This essay reviews a book *Innovation in Real Places: Strategies for Prosperity in an Unforgiving World* (2021) written by Dan Breznitz, a Professor and Munk Chair of Innovation Studies in the Munk School of Global Affairs and Public Policy with a cross-appointment in the Department of Political Science of the University of Toronto, where he is also the Co-Director of the Innovation Policy Lab.

For the last few decades, technological innovation has been the basis of the economy growth. Yet, while a small number of countries have benefited, many other regions have wasted trillions of dollars trying to copy the Silicon Valley.

Discussing and developing solution for the future, the author states that regions and cities do not need to copy the Silicon Valley growth model. Instead they should create specialized innovation that generates benefits for all.

The book explains what innovation means: it is not just the invention of new things, but it is the only way to ensure sustained long-term economic growth and social welfare. It explains that the greatest opportunities for communities to grow is to recognize their own advantages and rely on those advantages. It includes supporting small and medium-size enterprises, figuring out specific sets of activities within the global production chains that dominate our world, and attracting start-ups that are outside of information technologies and biotech, in fields as diverse as agro-tech and textiles.

The author proposes that communities should focus on where they fit within the four stages in the global production process. Success lies in understanding their own advantages, which in turn allows to create specialized innovation. All localities have certain advantages relative to at least one stage of the global production process, and the key is in recognizing it.

At the same time, the author claims that the development of public institutions must be encouraged. They provide crucial support, including contributing to the creation of sources of so-called “patient” capital, a set of “common” assets that provide unique competitive advantages, and shared public spaces where isolated businesses and individuals find ways to become part of cohesive ecosystems. Following this approach, some areas of the globe have become production centers.

The key to understanding innovation-driven growth is understanding that innovation is the whole process of adopting new ideas and developing new or improved products and services. This happens at all stages of the production of goods and services, starting with the first vision, design, development, production, sale and use and ending with after-sales service.

Once we realize this, we realize the large number of options available to achieve prosperity by focusing on the development of their own model of innovative growth.

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