



What is smart rural development?

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ABSTRACT

In 2010, the European Union adopted the notion 'smart' in its new ten-year growth strategy Europe 2020 stating that Europe should become a smart, sustainable, and inclusive economy. The broad and policy-oriented concepts of smart growth and smart development are part of the strategy introduced as a response to the observed low growth rates of innovation and productivity across European regions. In all its essence, the growth strategy states that smart growth supports sustainable development, which is achieved by promoting research, innovation, and knowledge in order to attain regional economic growth. What is made less clear is how the concept of smart growth can be translated to fit a diverse set of rural regions. Other outstanding issues discussed in this paper relate to the possibility to measure and empirically address the outcome of policies for smart rural development. Hence, in this paper we conceptually analyse and bring together the ideas that underlie the logic behind policies for smart growth by focusing on smart growth from the perspective of rural regions. The paper also presents indicators of smart rural development and analyses their relevance in future empirical studies.

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1. Introduction

The concepts of smart, sustainable, and inclusive growth are central behind the growth strategy Europe 2020 and are highlighted as key objectives and mutually reinforcing priorities to reach the stated growth targets. The objectives are formulated, among other things, to reduce the existing gap between the European Union (EU) and some of its key trading partners when it comes to productivity, spending on research and development (R&D), and innovation. The objectives are also formulated to meet regional disparities within Europe and the lack of convergence between core and peripheral regions. In view of this, the new approach does not only point at the contribution to growth and regional convergence as reached by additively combining the goals of these individual concepts, but also at how interactions between them can create short- and long-term growth effects.

The concept of smart growth and how it relates to smart

specialization and regional growth is not new. In the EU policy framework smart growth is used in a knowledge context, which includes policies for innovation, education and research, while in the USA it mostly concerns planning policies to counteract the development of urban sprawl. This can be interpreted as a reflection of certain differences in the challenges faced by the EU and the USA, respectively. The overall aim of smart growth in the USA is about planning and building policies, especially urban planning and the prevention of urban sprawl. In the EU, smart growth has less to do with planning and more to do with policies for innovation, research and education. Why the EU has not adopted the US way of defining smart growth is probably due to that the problem of urban sprawl is a typical US problem. This is in general not the case for European cities and the EU therefore focuses on issues that are more pressing for the growth of European economies. These include lagging behind in terms of productivity, innovation input and output, and growth.

Interpretation and application of the smart growth concept in a regional context has been highlighted in several recently published papers (Rodríguez-Pose, 2001; Bilbao-Osorio and Rodríguez-Pose, 2004; Combes and Overman, 2004; Barca et al., 2012; McCann and Ortega-Argilés, 2013). Some of the key issues discussed in this

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literature relate to the application of smart growth policies to the regional policy context, expected policy outcomes, and regional disparities in such outcomes. Among other things, this literature points to the increasing awareness that one-size-fits-all regional policy models should be reformulated into policies that are both place-based and knowledge-based (Tödtling and Trippl, 2005; Camagni and Capello, 2013; Boschma, 2014). A general conclusion that can be drawn from these papers, and others, is that future policy targets at the EU level should be reached by policy models that act on local competences, established regional advantages, knowledge, and innovation (Barca, 2009).

The concepts that underlie the Europe 2020 growth strategy are foremost policy-oriented concepts and the discussion of how they should be applied and understood in a regional context is far from settled. In this paper we argue that there are still several outstanding issues related to the different conceptual aspects of growth defining the Europe 2020 strategy, their mutual interactions in terms of policy objectives, and how they can be applied and measured in a European regional context. More specifically, we argue that it is unclear how such smart growth policies are supposed to be translated to fit a diverse set of rural regions. The smart growth logic and related concepts such as embeddedness, relatedness, and connectivity are, for example, well suited for intermediate rural areas that are integrated with urban areas, which tend to have a large population and industrial base (McCann and Ortega-Argilés, 2013). For these regions there are a number of possibilities for fostering growth since they benefit from the size advantage and spillover advantages of nearby urban core areas (Renski, 2014). Rural regions do not have the same access to resources and markets and differ in terms of socio-economic conditions and social structures. General characteristics of peripheral and isolated regions are low accessibility, negative migratory balance, and low education levels. Following the conceptual framework that underlies smart growth policies would imply that peripheral and isolated regions do not have much potential of their own for endogenous development (Bilbao-Osorio and Rodríguez-Pose, 2004). There is however a growing literature that acknowledges the relevance of place-based amenity services and entrepreneurial context for the development of rural regions (Rappaport, 2009; Gosnell and Abrams, 2011). Amenities are also pointed out as particularly important for attracting and retaining creative individuals, who are shown to contribute to the development of rural communities (McGranahan et al., 2011). As mentioned, the concepts of embeddedness, relatedness, and connectivity are identified as key areas in order to reach smart growth, which implies a development based on knowledge, research, and innovation (McCann and Ortega-Argilés, 2013). Smart growth per se is thus not specifically defined, with the consequence that it cannot be directly measured. Likewise, the role played by different types of amenities is not explicitly pointed out as a key driver to achieve rural growth, rather it is left unspecified and assembled in the broad concept of place-based characteristics. Furthermore, how intermediate and isolated regions are defined and whether there are any categories between these two types is not discussed in prior literature. Hence, it is still unclear whether smart growth policies are appropriate for many rural regions.

Thus, in terms of the conceptual aspects and in terms of potential indicators and measures of smart growth and its determinants, there is a clear need for studies that analyse each of the factors that can influence the growth potential in a diverse set of rural regions. The purpose of this present paper is twofold. On the one hand it is to conceptually discuss the question posed in the title of the paper: What is smart rural development? On the other hand it is to present indicators of smart rural development and analyse their relevance in future empirical studies of issues related to rural

development and the concept of smart growth. In order to reach these goals we start by presenting an overview of the emergence of the concepts of smart growth and smart development from a European perspective. Here we discuss the related concepts of smart, sustainable, and inclusive growth, how they are mutually formulated to reach the stated policy goals, and how each of these concepts defines growth differently. The paper continues with a comparison between smart development and the related term sustainable development. The fourth section explicitly turns to the issue of rural areas and what smart development implies for intermediate and rural peripheral regions. Section five discusses and presents indicators of smart rural development that are available in official statistics, and the last section concludes the paper.

2. Smart growth and development – the emergence of the concepts

The terms smart growth and smart development form a central part of the new growth strategy Europe 2020. The strategy was launched partly as a response to the worldwide economic crisis that had more or less affected every economy in Europe, resulting in high unemployment rates and high government debts (European Commission, 2010a). However, Europe faces challenges besides the economic crisis, such as low growth rates and low levels of investment in R&D, which these policies are also attempting to meet. Although the concepts of smart, sustainable, and inclusive growth are formulated to reach the goals of the European growth strategy, each of the concepts defines growth differently and touches upon different aspects of the economy. The mutually reinforcing priorities put forward in the growth strategy are defined as i) smart growth, which implies developing an economy based on knowledge and innovation, ii) sustainable growth, which implies promoting a more resource-efficient, greener, and more competitive economy, and iii) inclusive growth, which implies fostering a high-employment economy that can deliver social cohesion (European Commission, 2010a). Hence, smart growth, which is the focus of the current section, is only one part of the new growth strategy. In the next section we return to sustainable and inclusive growth and disentangle the differences between these related concepts.

As can be understood from the policy-oriented documents and reports that underlie Europe 2020, smart growth in the European context is about developing an economy based on education, knowledge, research, and innovation (Foray et al., 2009, 2011; Barca, 2009). However, this is a very broad and general statement that needs to be specified and divided into components in order to gain understanding of the real effects on policy-making in Europe. In addition, the goals for smart growth need to be measurable and evaluated, which implies that numerical indicators are required. As a start, the European Commission proposed very broad targets for the EU as a whole, concerning innovation, education, and information and communication technology (European Commission, 2010a). The proposed targets are set to promote an economy where knowledge and innovation are the driving forces behind growth, but these need to be transferred to national as well as regional policies in order to have any real effect. As can be understood from above, Europe 2020 is a growth strategy that focuses on research and innovation. However, a very broad definition of innovation is applied including new and improved services, new marketing, branding, and design methods, and new forms of business organization and collaborative arrangements, as well as new and improved products.

Another line of argumentation is that regional and place-based policies are crucial preconditions to obtain smart growth (Foray et al., 2011). It is argued that all regions, advanced as well as

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