

## BOOK REVIEW

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### **Innovation in Real Places: Strategies for Prosperity in an Unforgiving World.**

Dan Breznitz, Oxford, UK, 2021: Oxford University Press, 288 pp., ISBN 9780197508114, £22.99.

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The latest book by Dan Breznitz takes the reader on a compelling and, at times, distressing journey across the globe. The places that Breznitz talks about are the ‘real’ places where the innovation-based model of growth shows both its glorious opportunities and its toxic pitfalls. These places stand in sharp contrast with the idealised Silicon Valley clones that scholars and policymakers dream about, populated by equally imaginary unicorns which are supposed to deliver wealth to the regions that host them. Breznitz is on a mission to shatter all those innovation dreams, starting with a loud and clear claim which is immediately the most convincing message of the book. Academics and policymakers alike should stop equating innovation with technological invention. This book convincingly demonstrates how that equation is fundamentally wrong, since it does not give credit to the reality that innovation comes in many different shapes and sizes. The book identifies four key stages of the innovation process. Technological novelty is merely ‘stage 1’ while subsequent stages include design and production engineering, second-generation product and component innovation, and production and assembly. The key point made by Breznitz is that no region or firm can master all these stages, rather it can thrive by specialising in one, against the background of an increasingly complex ‘Jenga Game of Global Production’ (p. 13).

Breznitz demonstrates how many regional and national policymakers appear blinded by the initial shiny phases of innovation, as aspirations to become the next ‘Silicon-Hyphens’ can be found across the globe. The book presents a very well-documented and convincing

reality check aimed at the scholars and policymakers afflicted by what Breznitz vividly calls ‘techno-fetishism’. His message is hardly new, as many others have written equally convincing pleas on the importance of soft innovation and incremental innovation. In policy circles, alternative takes on innovation policies have been proposed in abundance. For instance, in Europe, smart specialisation strategies have been devised precisely to place local capabilities and strengths of all kinds at the heart of strategic regional development decisions. And yet it appears that these lessons have not been learned, as Breznitz indicates we have no shortage of blind ambitions to ride the latest technological wave (witness the latest rush of investment in the n-th Artificial Intelligence cluster). Breznitz’s book once again shatters those ill-informed ambitions.

Thankfully, the book is not only about debunking myths but also, and most importantly, offers advice on alternative paths of innovation for real places. The book is loaded with inspiring trajectories of specific firms, regions, and countries, including places that many would label as ‘secondary’. As readers, we learn about the strategies of the forward-looking regional and innovation policymakers. Breznitz is at his best when he builds upon his experience with the intersection between academics and policymaking. He offers hands-on advice on what to do when it comes to matters as specific as financing, intellectual property rights and data strategies. His scrutiny of the venture capital industry stands out as particularly fearless. He lays bare the noxious dangers of allowing venture capitalists from elsewhere to fund local companies, through the exemplary tale of Atlanta. As Breznitz explains, Atlanta is a city that had no shortage of innovative firms but let voracious venture capitalists from Silicon Valley take all the goodness away. Breznitz concludes that idolising venture capitalists is a capital mistake and that instead investors

should be cultivated to care about local firms and communities. These can be private investors that are regulated with clear constraints and incentives, as in the case of the Taiwanese venture capital industry, or semi-public initiatives offering patient capital, like cooperative banks of public investment funds. Here Breznitz's message connects with the idea that, among different varieties of capitalism, a coordinated market economy model, like the German one, is in a better position to deliver inclusive prosperity than the cut-throat United States liberal market economy model. Yet, his position appears nuanced, as he envisions cities and regions to be able to experiment with various strategies.

An aspect that Breznitz leaves unexplored is the role of innovation beyond economic growth. In fact, prosperity is never explicitly defined in the book. Implicitly, concepts such as inequality and job creation appear central. It is a notion of economic prosperity along with the idea that innovation should create financial returns that remain in the places where innovation was developed. Environmental sustainability questions are not raised in the book. Yet, these issues are important to communities due to the prospect of long-term prosperity. Also, environmental

sustainability appears to matter differently across the stages of the innovation process. Arguably, a place that specialises in the fabless activities of invention and design will be less afflicted by local environmental concerns than a place specialising in the more tangible activities of production. All stages of innovation can deliver economic growth, but some may deliver a greener growth than others. It is a missed opportunity that a book focused on innovation for prosperity did not go take a bolder stand on innovation as a means to achieve broader societal goals, including environmental sustainability. One can only hope that Breznitz's next book will engage on this theme. Regional policymakers globally will face ever-increasing pressures to deal with sustainability and Breznitz's 'real' advice should emphasise this.

On the whole, Breznitz's book is a must-read for scholars interested in the geography of innovation, regional clusters and entrepreneurship, and it serves as a gripping eye-opener for policymakers concerned about inclusive regional development.

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