

Interview with Ulrich Hilpert



*Interview by Joan Fitzgerald, Editor-in-Chief, Regions and Cities Book Series
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Joan Fitzgerald (JF): How did the idea of this edited volume come about?

Ulrich Hilpert (UH): I'm an elected member of Academy of Social Sciences, London. In this context the idea emerged of my contributing a book or edited volume based on my research on development that addresses the local, regional, and national contexts. I knew it would need to combine different views. Most development studies have a particular point of departure—say human capital, path dependency, etc.—but no single one is comprehensive. It's always been clear to me that any single discipline is insufficient to understand how some economies grow and prosper while others decline. So that was the theoretical basis of the

edited volume.

JF: How did you choose your authors?

UH: Some authors I know from previous projects and books and quite some contacts I have made through international conferences (e.g. RSA conferences). None of the books I have edited are just a collection of papers. I work through the ideas with authors. We held three workshops, which were funded by the Hans-Böckler-Foundation, Düsseldorf, Germany. With each one we became increasingly convinced that we were on to something—even if there are similar constellations in a region, the context is different which makes the situation of each quite divergent. There are differences among countries and policy arenas. Social structures are part of the picture too.

JF: Could you give some examples of what you mean by “diversities of innovation?”

UH: We all talk about leading edge technologies as a 4th industrial revolution. But in some areas of the world 2.0 technologies can be quite an innovation. That’s how innovation depends on where you are. There may be extremely good scientists and engineers in India, but they may not be able to produce their technologies because there aren’t enough skilled blue-collar workers or manufacturing is not organized to suit highly complex products.

JF: Is it always important that the innovation and production occur in the same place?

UH: Not always. Germany used to supply 70 percent of the world market for environmental technology. Some of the technologies are very complex and in Germany workers’ skills are constantly upgraded, which is based on agreements between the social partners. But Germany also excelled early in solar panel production. In the end, solar panels are a simple technology and they’re cheap to produce. As production increased, German producers were planning on doing some solar panel production in Spain—still in the common market, but cheaper to produce. But then China captured the world market. The lesson is not a question of whether the technology is new, but whether it is so complex that it can’t be copied easily. In this case it could.

JF: Is there any way to hold onto innovation in an international economy?

UH: Innovation is “international proofing.” We typically understand regional development as internationally embedded and that each country must become more competitive. But we don’t pay enough attention to the question of how regions collaborations among enterprises and research institutes emerge across regions. When concentrating on competitiveness one might find regions in a situation where everyone stands up but nobody can see better. Economists usually think about increasing profits by lowering costs. But if we innovate by developing higher value-added products, the cake is bigger for everyone. Innovation can complement competition based on price and cost but focus on products that are in demand and better than others.

JF: So is this a best practice that most places can replicate?

UH: We need to get out of the “best practice” trap - limiting research to find the example one needs to apply. A strategy only works in the situation where it worked. We have to take time and change into consideration—by the time another place tries to replicate a strategy, the window of opportunity may have closed or changed. Scherrer clearly points this out when referring to the idea of long waves. In addition, skilled labor and how societies are organized to build and support a high-skilled blue-collar labor force to cope with the changes and drivers of opportunities change.

JF: Part Two of the book focuses on labor and innovation. What are the key takeaways?

UH: Basically, that innovation without skilled labor won’t go far. Several chapters focus on this in particular industries and situations. Baker compares the U.S. and Brazil and demonstrates that Brazil addressed basic literacy, but didn’t continue with education for blue-collar workers and thus lacks the capacity to manufacture complex products. Also Sandulli and Gimenez indicate that there more than just skills are required, there needs to be a match with the demanded labour. Thus, labour becomes the important contribution to innovation, which is pointed out by Vassiliadis. McNeely complements such positions very well.

JF: Do you think there is a path dependence in innovative regions?

UH: There are a couple of points. Path dependency theories do not take time into consideration sufficiently. When identifying a path, a perspective is taken which asks how did the region get to the current situation. The analysis identifies a path

while looking back. Consequently, it is a retrospective view, which identifies the route that was taken – but it needs to be understood whether there would have been alternative opportunities. Would there have been other paths to choose from either in existence or to be created by policies? That would help more for situations, which will be faced. Innovation demands a number of elements, which need to suit the situation. Looking ahead, one can identify, as an example, 5-6 factors important for innovation and see that a region has 4-5 of them. We must ask if we could add a missing factor. Not just looking back, but looking ahead to how to make places more “complete.” But if it really was a path, one should be able to see what the situation will look like in future. It is important to learn which alternative opportunities of processes can be arranged. The contributions by Chung and Chen et al. indicate such processes and Schunder and Bagchi-Sen show how situations can be formed even in poorer environments.

JF: Part Four is focuses on science-Based and technology-based Opportunities. What and where are they?

UH: Innovation can also be related to tendencies in which we have an area of traditional expertise —e.g. mechanical engineering or aircraft industries—but new technologies need to be applied. Bramanti points to these interesting processes of industries in western countries (e.g. Northern Italy, Switzerland, Southern Germany). Existing skilled labor, traditions in engineering or even traditions within families can provide important contributions. In the end it is the idea of improving a product based on what new opportunities exist. And as O’Gorman rightly points out, it needs to suit the context, which is also clearly shown by Hickie et al. New opportunities – based on scientific research – can provide technology-based innovation in traditional industries.

JF: What will be your next research project?

Knowing a bit more about the diversities of innovation there is the question of how to initiate such processes in highly diverse situations. With an international group of scholars I am now working on the ***Making of Innovation***. This takes advantage of what we have learned and includes further variables such as culture, societal structures and metropolitan systems. It is a change of perspective that helps to better understand innovation processes, as opposed to an ex post analysis of the effects and outcomes. While there are already discussions about individual factors such as research or human capital, and how

these may relate to development, competitiveness or industrial structures, so far, the process itself has hardly been the subject of research.