

Preface

The work contained in this book discusses the limitations of orthodox concepts, theories and correlated indicators and statistical systems in trying to understand the ongoing transformations of the world economic system – greater weight of intangibles in the economy, accelerated increase of the knowledge content of activities, goods and services, rapid (and uneven) diffusion of ICT, acceleration of globalization (mainly in its financial dimension) and competition – and in formulating adequate strategies to deal with them.

Misinterpretations and mystifications, as well as traditional economic analyses, will find a counterpoint in the discussion of new ways to deal with these transformations and their consequences, especially concerning the southern half of our planet.

While recognizing the quality of some efforts already made in this direction and the merit of their authors, we would like to point out what is *new* for the understanding of these issues.

The point here is not to deny the valuable contribution of theories and concepts that were developed in the North through the observation and analysis of processes occurring in the developed world. However, one should note that development cannot be understood as if the economic history of all countries follows a common ‘development path’, each country at its time and with different speeds. National and local conditions may lead to completely different paths and to growing diversity instead of the standardization and convergence suggested by the more radical theses (or myths) about the influence of globalization on national and sub-national systems.

The economies of developed countries are not defined exclusively by their internal structures and processes or by qualitative or quantitative factors, but also and mostly by their dominating position in the world system. In this sense, a ‘Southern’ framework of thought can benefit from incorporating some of the premises of Latin American development theory; and in particular the idea that the evolution of a national (or regional) economic system depends, to a large extent, on its position in the hierarchy and power structure of the world capitalist system.

Equally crucial to our view of these global changes is that they do not result from any neutral or natural progressive order; which reinforces the

need to advance further in the understanding of their specificities and potential impacts in order to design the necessary policies to cope with them.

The systemic approach underlines the fact that the quality of an economy is directly imputable to the quality of the interactions among its actors within a particular environment. This perspective translates into several different concepts – such as clusters, industrial districts, systems of innovation, *milieu innovateur*, collective efficiency and local productive arrangements/systems – which have in common the recognition that concerted groups of firms can be much more productive, and more relevant to local socio-economic development, than firms acting individually and independently of each other in atomistic perspectives.

We introduce in this book the concept of local productive arrangements or systems which was developed by RedeSist (www.ie.ufrj.br/redesist). Following the idea that productive and innovative capabilities occur in a cognitive space and are also affected by patterns of specialization and competition, we emphasize two interconnected dimensions essential to understand productive and innovation processes: the territory and its socio-political economy. Our aim was to target all the systemic aspects that affect competitiveness. This goes beyond the traditional sectoral view since it includes all possible industries that interact – in real or potential terms – in this particular cognitive space. This approach anchors the empirical studies presented in Part II of this book.

Thus, the idea of local systems or local arrangements:

- represents a practical unit of investigation that targets the group of different agents (firms and organizations dealing with education, training, R&D, promotion, financing, etc.) and connected economic activities that usually characterize any productive and innovative local system;
- symbolizes the real locality and covers the entire space where learning takes place, productive and innovative capacities are created and tacit knowledge flows;
- represents the locus where policies to promote learning, innovation and competence building can be more effective, by allowing the definition of specific policies and instruments. In this case, we would stress the relevance of the participation of local agents and of dealing with collective actors, as well as the importance of national coherence and coordination.

The editors
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