

TERRITORY, ECONOMIC CHANGE, EQUITY AND NETWORKS

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The economic crisis has highlighted the imbalances of the Spanish economy, emerging the debate about the need of a shift of the economic growth model. For years, this has been based on tourism and construction industry, as well as on services activities of low productivity and manufacturing activities of low or medium technological intensity. During the years of intense demographic and economic growth, the implementation of genuine policies for an economic change (education, R&D...) was postponed. As a result, the country faces today the challenge of consolidating a knowledge and innovation-based economy taking into consideration its deficits and imbalances but also some relevant strengths: i.e. competitiveness of Spanish multinational firms, exports or human capital formation, etc.

This structural change would be in line with Europe 2020 and the 'smart growth' proposals of European Commission. These represent a roadmap for fostering a knowledge and innovation-based economy, which not only may exhibit a greater global competitiveness but also greater returns from the perspective of the social and territorial cohesion. These aspects are of paramount importance due to the impact of economic crisis and recent austerity measures on raising inequality levels, affecting therefore the long-term economic growth. It is expected that smart growth may contribute in different ways: via improving education and skills societal levels (reducing disparities on salaries), creating new economic opportunities and social innovations, etc. On the other hand, smart growth may inspire also new styles of regional development through the so-called 'smart specialization strategies' (RIS3). These represent a bi-directional and dynamical approach (top-down and bottom-up) aiming to involve local and regional stakeholders in defining their own vision and priorities for the future thanks to an 'entrepreneurial process of discovery'. This allows detecting specialization domains, technological opportunities and market niches from the analysis of sectoral structures, distinctive knowledge capacities (clusters, networks, leading firms), as well as from spatial effects and spillovers, entrepreneurship and international positioning.

In this research these variables have been formally operationalized in three analytical dimensions: First, the evolution of sectoral structures is studied by means of location quotients of employment in 2006 and 2012, according to CNAE93 and NACE2009 classifications with to two-digits level. Secondly, the employment figures have been reclassified in six 'innovative clusters': high-technology-intensive industries (TICS, pharmaceuticals and aeronautics...); financial and insurance activities; knowledge-based services (computer activities, R&D, professional services...); telecommunications; education, health and social services; and cultural industries (publishing, multimedia, scenic and visual arts, museums and libraries...) Thirdly, previous evidences about the behaviour of regional innovation systems during the crisis have been also reviewed. The evidences of their weaknesses and strengths have been then confronted with an initial sample of RIS3 strategies of Euskadi, Aragon and Canarias, as examples of regions that are 'innovation followers', 'moderate innovators' and 'modest innovators', according to European Regional Innovation Scoreboard.

The results confirm a slow change of sectoral structures during the crisis, displaying these the severe adjustment of employment within the construction industry; the less pronounced and uneven decline of industrial activities depending on specific regional conditions; and the significant and generalized increase of tertiary activities (especially in the early years of the crisis). From an aggregated perspective, the evolution of knowledge economy during the crisis has been more positive than the rest of the economy. Nevertheless, it is observed the intense adjustment within the high-technology-intensive industries, which have been affected by closures, disinvestments and relocations of multinationals, as well as within the financial sector, under restructuring in last years, or the cultural industries, affected by some fiscal measures that have penalized the consumption. Knowledge-based services recover progressively from the initial impact of crisis, while telecommunications and especially education, health and social services display a great increase during the observation period. This is the result of not only some statistical effects, but also of the consolidation of welfare services in the pre-crisis years and some adopted measures within the public sector for buffering its initial impact. These evidences suggest the need of deepen into the coherence between the discourses of the smart growth and austerity in Europe.

At the same time, the analysis has revealed the existence of differentiated sectoral and regional trajectories, where some other competitive factors become more important than the 'sectoral mix': namely, internal characteristics of firms (such as size, level of internationalization, human capital provision...) and environmental conditions (specially the emergence of agglomeration economies and other spatial effects, as well as the dynamism of the regional innovation systems):

In the case of Madrid and Catalonia, which escaped the general specialization in construction industries during housing bubble years, the crisis has hit some high-technology-intensive industries and knowledge-based services. Nevertheless, these

regions are clearly consolidating a knowledge economy, taking advantage of the critical mass of companies and innovative activities located there, while benefiting from the most intense economies of agglomeration of the country. However, some problems are detected at the same time, for example, in terms of relocations of firms and disinvestments, falling of private expenditure on R&D or adjustments of public resources for science, technology and education systems. With regard to Basque Country and Navarra, the analysis revealed the strength of local industries and advanced business services, as well as the quality of local institutional framework. On the other hand, the review of preliminary documents of Euskadi-RIS3 strategy confirmed that the expected process of structural change is based on modernization, transition and even radical foundation of new domains. Clearly, the region takes advantage of existing business and technological-scientific capacities, as well as of the long history of institutional cooperation, which in fact allows its consideration as a pioneering region in shaping competitive advantages through innovation.

The evolution of knowledge economy in many other regions has been a bit more contradictory. Indeed, a second group of regions displays a very unequal distribution of entrepreneurial and technological capacities, and some deficits and imbalances in their respective regional innovation system. First, it is evident the adjustment of construction industries and auxiliary branches and the reinforcement of public services. Meanwhile, some specific competitive keys seem explain the fluctuations of manufacturing activities: for instance, an improved performance of some traditional local production systems of La Rioja and Galicia, or of some medium-high technology-intensive industries in Cantabria, in contrast with their lower performance in Aragon. In this regard, the approach to RIS3-Aragon strategy confirms that the emergence of specialization niches and areas of scientific and technological excellence are considering a breeding ground for strategies pursuing the socio-economic transformation via the technological modernization or the diversification through synergies. At the same time, the region struggles for improving the regional innovation system functioning and for reinforcing knowledge capacities.

Finally, in regions such as Castilla-La Mancha, Murcia, Valencia, Andalusia and Extremadura, the crisis has eliminated the former specialization in construction industries, although the advance towards the knowledge economy has been unequal. Competitiveness problems and deficits within their regional innovation systems are still evident. Canarias is probably one of the most extreme cases. Beyond a lack of precision in the preliminary documentation of RIS3 strategy, this seems determined to strengthen the tourism cluster by means of modernization and diversification strategies, while the existing gap of technological and knowledge capacities in comparison to other regions forces to define "catching-up" strategies.

In summary, despite of employment adjustments during the crisis and the expectations created specially after the burst of the Spanish housing bubble, the

structural change towards a knowledge economy seems certainly slow and uneven. In part, this reflects the set of economic, social and institutional factors involved. In this context, the 'smart specialization' strategies may contribute to shape a new development model, being these more than just innovation strategies for R&D, as European Commission suggests. Indeed, the 'smart specialization', that has become a relevant conceptualization within the research field of evolutionary economic geography, represents an outstanding framework for analysing also the contribution of mechanisms of multilevel governance and collaborative leaderships to the fostering of the territorial capital and the resilience capacity of regions.