



# Spatial Economics Research Centre

Thursday, 26 May 2011

## Silicon Roundabout

Interesting piece in yesterday's FT talking about [government policy towards Silicon Roundabout](#) (aka Shoreditch, London). It's sceptical about the need for complex policies instead arguing that advantages go to places where smart people want to live and work.

I share this scepticism and am convinced that cities (or other 'clusters') do *not* need complex local innovation policies. Those of us who are sceptical about the capacity to develop such policies advocate spatial neutrality and a focus on rewarding success as the best means of encouraging innovation in cities.

This doesn't mean there are no questions to address regarding *innovation* policy and cities. For example, if innovation policy focuses on formal R&D it may not apply to much of the innovation in cities that occurs in services through investment in intangible assets such as design. Far more important, however, are the implications of other policies which may negatively affect innovation in cities. For example, high rents limit proximity (which benefits innovation) and constrains entrepreneurs from starting new businesses.

I am also increasingly convinced about the need to focus policy on the things that may drive smart people out of cities. As the FT piece argues: "The fact that technological innovation is so cheap and accessible means it can be done wherever there are smart people able to do it. The advantage then goes to places where such people wish to live and work." In the UK addressing problems around urban housing, schools and health care would be close to the top of my list of things to address.

Posted by [Prof Henry G. Overman](#) on [Thursday, May 26, 2011](#)



### 1 comment:

**Nick Gray said...**

I'm not convinced things are so simple

Newcastle has lots of crap restaurants, comparatively few theatres and no interesting street food markets. Your composition effect argument suggests that this is why people don't want to live and work there. However, don't these things emerge where there is a market? London's clearest advantages for individuals are first in job opportunities and second in the stuff that follows when there are lots of educated people with good jobs - restaurants etc

Thinking about the public policy interventions you suggest, on Tyneside (where I live now) schooling and healthcare, for example, are pretty good, perhaps better than in London (where I have lived). Tyneside has all kinds of other quality of life advantages - cheaper houses, access to the countryside etc.

I don't have all of the answers...clearly Newcastle is physically further away from markets, has had years of decline...

[26 May 2011 at 15:36](#)

[Post a Comment](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

