11 Urban Milieux: From Theory to Empirical Findings

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11.1. Introduction

The aim of this chapter is to present a theoretical reflection on the relationships between the concept of Innovative Milieu (I.M.) and that of the city interpreted in economic and spatial terms, and to provide empirical evidence on the existence of urban milieus.

The concept of the innovative milieu was developed extensively during the 1980s among regional scholars: it interprets phenomena of spatial development as the effect of innovative processes and synergies which occur over limited territories. The Innovative Milieu is comprised of a set of relations which unite a local production system, a set of actors and representations and an industrial culture. Together, these generate a localized dynamic process of collective learning. Space, assumed as mere geographic distance, is replaced by territory (or relational space), defined through economic and social interaction. Time, usually understood as a mere sequence of intervals on which to measure quantitative variations of smooth variables, is conceived here as the pace of learning and innovation/creation processes (Camagni, 1995). The milieu innovateur functions like a microcosm in which all those elements which are traditionally considered as the genetic sources of development and economic change operate as if they were in vitro, highlighted and enhanced by spatial proximity and by those economic and cultural homogeneities which allow the milieu itself to exist. There are Smithian processes of division of labour among units belonging to the same productive cycle, processes of learning-by-doing and learning-by-using à la Arrow, amplified beyond each enterprise by the high mobility of the specialized labour force inside the local area. Then there are Marshallian or Allyn Young-type externalities, generated by a common industrial culture and intense input-output interactions, the formation of Schumpeterian entrepreneurship, facilitated by specific historical competences, sectoral specialization and ample possibilities of imitation and cross-fertilization processes à la Freeman, which generate systems of integrated and incremental innovations. All these are essential components of the milieu innovateur.
At first glance, the concept of the milieu innovateur as defined above does not seem to share many characteristics with the city: the only similarity, in theoretical terms, resides in the agglomeration and proximity element\(^3\). However, if one proceeds to a more accurate consideration, and in particular if one abstracts from the consideration of the physical element which is more easily attached to the common image of the ‘city’, presenting it as a built environment, more similarities emerge. In fact, taking up a theoretical perspective in terms of *relational capital, spatial interaction and learning processes*, one could easily find that the genetic elements of the City and the Milieu are not so distant. They are in fact at least commensurable, comparable, although they have a different level of complexity.

Under the generic conceptual umbrella of the agglomeration principle, which we consider as a common genetic principle of both phenomena, lies a wide spectrum of different elements/processes/effects, which span from the development of a common identity and sense of belonging to the ‘socialized’ production of human capital and know-how. These elements and processes - which are not deterministically, but only probabilistically linked to the pure agglomeration fact - prove, when empirically established, to be at the heart of both the innovative nature of the Milieu and the ‘progressive’ role of the City.

Our thesis is that:

a) under certain conditions, the comparison of the two concepts, I.M. and City, is legitimate;

b) the two concepts, or theoretical archetypes, share many characteristics; the City is a more complex form of Milieu, as it intrinsically encompasses economic differentiation (vs. the natural specialisation of the Milieu) and the entire sphere of residential and life activities of the population (which are only considered by the Milieu concept when they generate synergy and learning effects directly useful for the innovation process);

c) from a conceptual perspective, the relationships between City and Milieu can take place in two distinct forms:
   - Urban Innovative Milieux: I.M. located in cities and exploiting the urban atmosphere;
   - City as Innovative Milieu: the entire city behaving as a Milieu.

The aims of the chapters are twofold:

- to develop a conceptual comparison of the two concepts in order to underline common features and mutual theoretical relationships (Section 11.2);
- to provide quantitative empirical evidence on the existence of ‘urban milieus’. The empirical evidence is based on a database of firms located