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Theme B: The Challenges of the Third Millennium

Lead paper on:

## A learning and innovation capability approach to social and ecological sustainability

by

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## Abstract

In most development thinking and policy practise in the 1970s and 1980s environmental protection and economic development were seen as conflicting aims. However, it is now widely recognized that long term sustainable development in both, the North and the South, can only be obtained if economic, social and ecological sustainability are regarded as interdependent means and mutual goals.

The point of departure in the paper is that improving the learning and innovation capability is the key to long term sustainable development, and the focus is on how institutions and policy together may shape social and environmental sustainable learning and innovation capability. The paper points to a group of institutions that are essential in the context of sustainable learning and innovation:

- Institutions related to knowledge infrastructure
- Social norms supporting a learning culture
- Institutions related to "creative destruction" of knowledge
- Labour market institutions
- Markets for goods and services
- Property rights
- Financial institutions
- Economic policy regime

Finally, the paper discusses – with illustrations from Europe and Central America – how a broad set of coordinated government policies can encourage sustainable learning and innovation capability allowing complementarities between economic, social and environmental sustainability.