

Innovation policy at stake: “the emperor is naked”

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My central question

- The central question:
 - we have 50 years of accumulated strata of R&D and innovation policies
 - most evaluations have shown that they are performative even if there are numerous ‘internal’ questions raised
- But are we sure they are still relevant, that they do not ‘miss the boat’?
- My argument:
 - they apply mostly on ‘manufacturing’ industries and ‘technology led’ innovations
 - but the present situation differs widely from these 2 combined dimensions
 - and leaves the ‘field of public intervention’ fully open...

A presentation in two steps



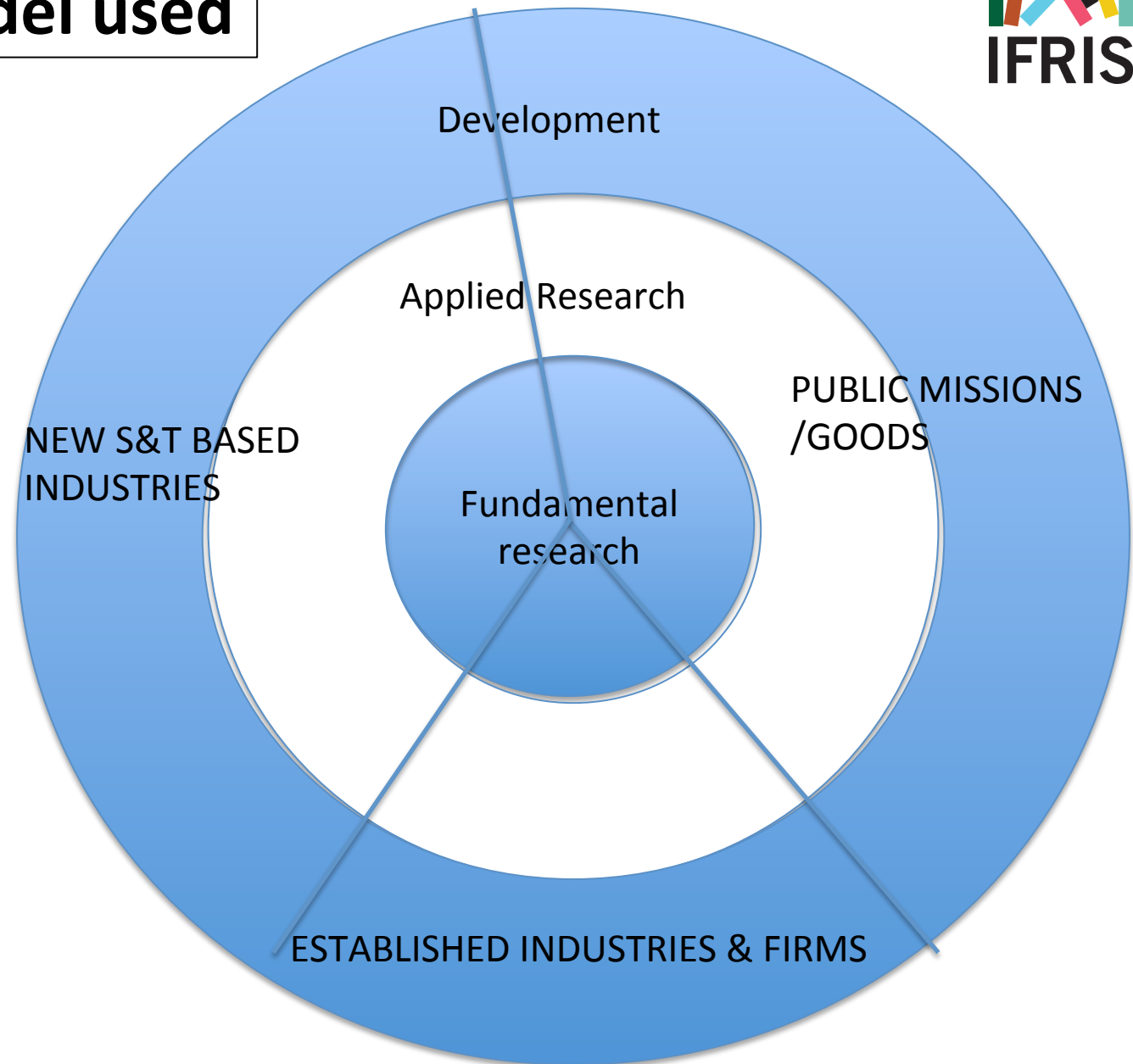
- Asking the question requires that we first have a view of what we speak about: this was clearly raised in previous discussions
→ So here I propose a reading of what I consider the 3 major stages through which what we call innovation policy has gone through
- And I shall then enter into 3 major transformations that I consider not only question the relevance of policy tools and mixes but also probably the role of 'innovation' (narrowly defined) in socio-economic dynamics

A framework for taking hold of 50 years of innovation policy



- Based on 'initial' OECD work
- Chabbal 3 circles describing types of RDI activities: 'fundamental' research, applied research, development
- Piganiol 3 policy macro objectives: supporting science (as a public good), R&I for Government missions, shaping the firm innovation environment
- Drives to recognise 3 major periods, each with preferred problems & policy instruments, with a cumulative effect (very few tools from the previous period disappear)
- A warning: fuzzy periodisation with long overlapping sequences

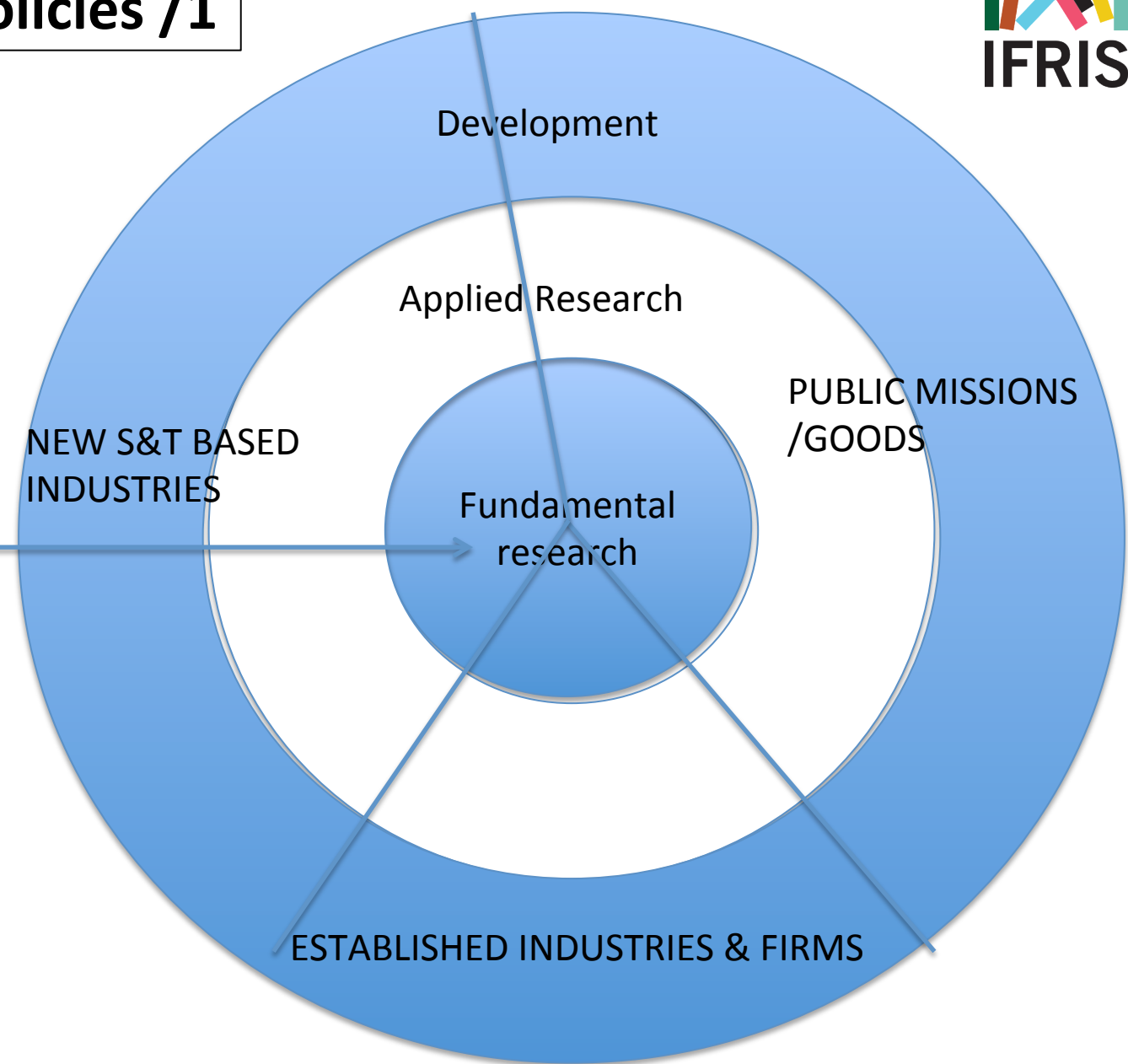
Simplified model used



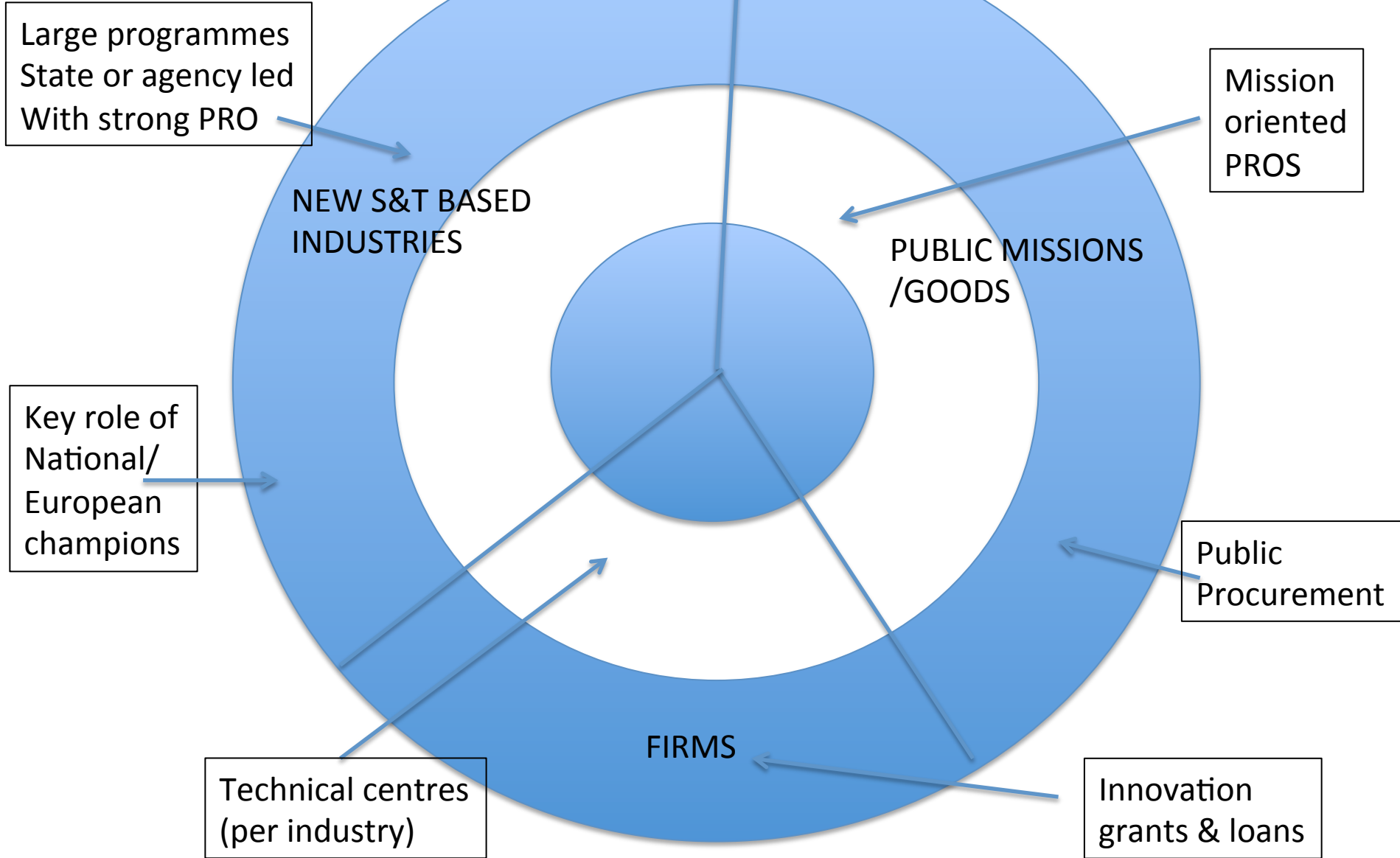
1st generation policies /1

Two models (alternative or complementary):

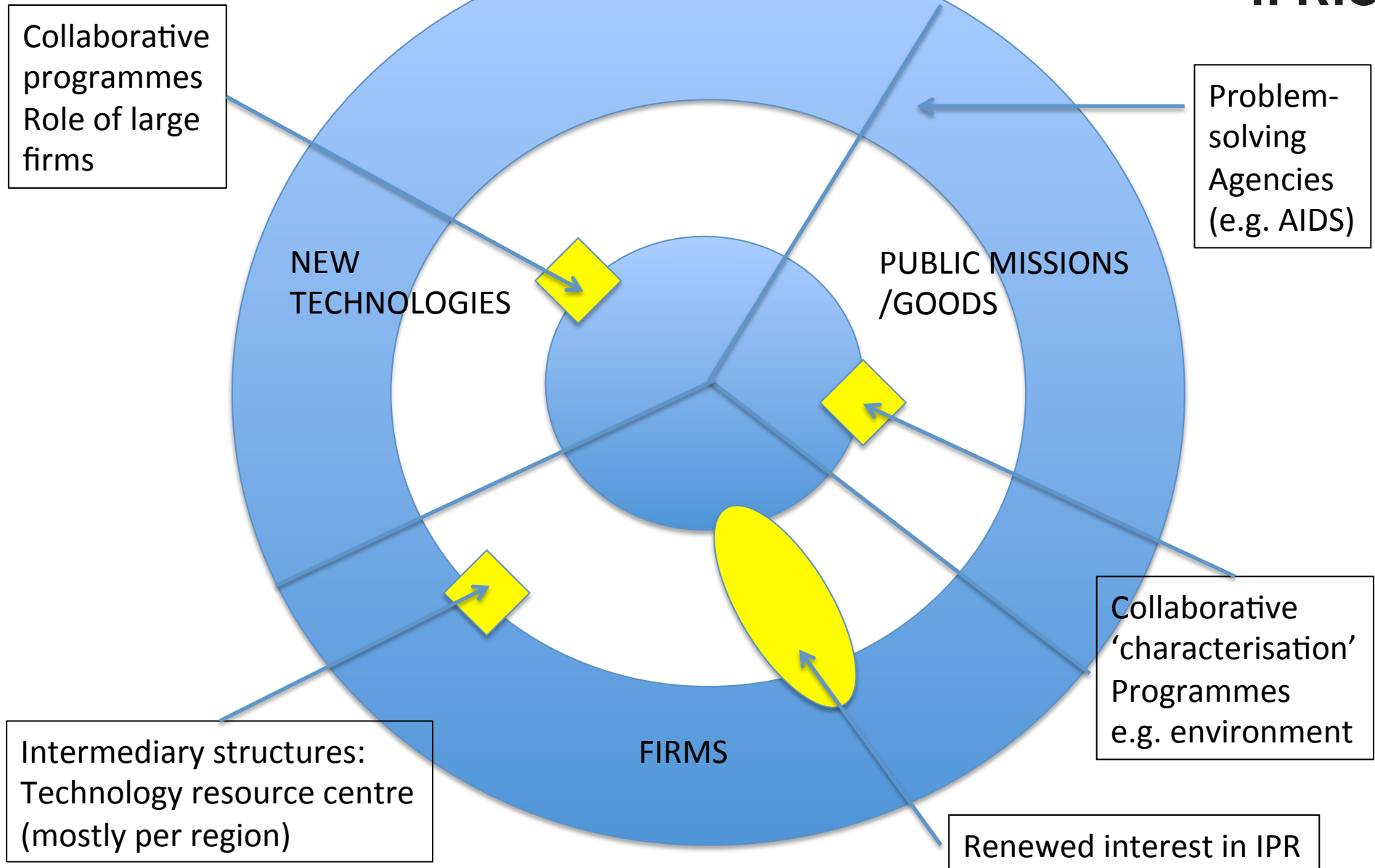
- universities & research councils
- Fundamental research PROs



FIRST GENERATION POLICIES /2



2nd generation policies & national innovation systems



THIRD GENERATION POLICIES



Multiplication of instruments
Covering the 3 layers
(incubators, science parks,
seed capital, support to
venture capital...)

START-UP
ECOLOGY

Will for embracing
Programmes –
Still mostly use of
Previous solutions

Capability building
Higher education
and research:
Central role of
universities

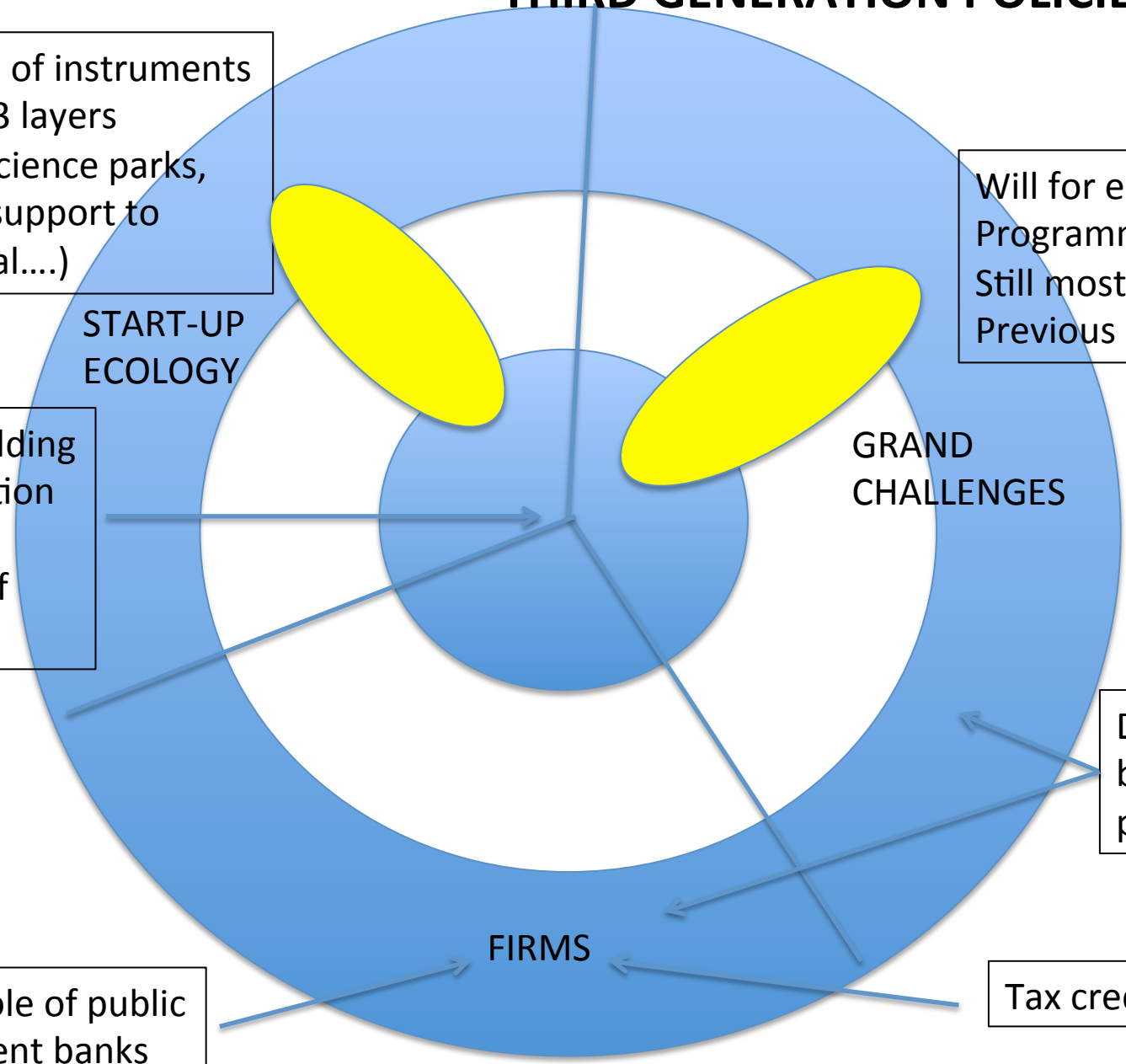
GRAND
CHALLENGES

Demand
based
policies

Growing role of public
Development banks

FIRMS

Tax credits



A progressive multi-level assemblage



- *APART from collective goods* (see other presentations)
- A de facto specialisation between regions, states & the EU
 - A European framing of a friendly environment (IPR, standards, frames for demand-based policies..)
 - EC critical role for frontier S&T
 - National Support to individual firms (tax credits & development banks) & for science policy at large (as 'capability building')
 - Regions for existing industries: EC 'smart specialisation'

Positive evaluations even with multiple 'internal' debates



- Even if 'internal' debates multiply
 - on the overall effectiveness of 'policy mixes'
 - on the balance between direct vs indirect supports (and about the potential loose-loose situation of tax credits)
 - on the balance between supply vs demand oriented tools
- Overall positive evaluations about the impacts of individual instruments (see MIOIR compendium of innovation research)



So what is the issue?

Does this accumulated knowledge apply to the 3 core transformations the economy is going through?

T1- what about the service economy

T2- What about globalisation

T3- How to consider the shifting role of users

How to cope with the over-dominating service economy?



- Are the two ways we categorise innovation in services enough?
 - firms that operate in a manufacturing mode (transport, banks, construction)
 - Knowledge intensive business services (KIBS)
- How to consider ‘services to individuals’ (health, tourism, leisure & culture...)
 - should we restrict to their ‘manufacturing like’ bits (e.g. videogames, new drugs)
 - what about ‘hidden innovation’ in hospitals (SPRU)
 - what about hotel chains & their analytics?
 - what about the role of cultural investments (museums, events) in tourism?
 - etc.

New issues raised by globalisation



- Growing concentration: few firms in most markets, present everywhere → our competition paradigm cannot cope with this
- Absolute & no longer comparative advantages → powerful shifts in manufacturing landscapes (e.g. evolving French structure or US 'reindustrialisation' discourse)
- Wide transformation of relations between producing firms & consumers
 - the critical importance of brands
 - the internet revolution & investments on 'circulation processes' (away from production)
 - new software firms dealing with producer-user interfaces (big data & personalisation...)

Shifting role of users in driving innovation



- 5 keywords to capture the potentially massive transformation underway:
 - crowd sourcing
 - political consumption / responsible innovation
 - social innovation & new forms of local collective development
 - DIY (fablab, 3D printing...)
 - Sharing economy (cars, tools, houses...) questioning the articulation between consumption & ownership
- Do these movements remain marginal, or do they, together, drive to a deep reconsideration of innovation dynamics
 - not only in the ways innovation take place
 - but even more on innovation as a permanent source for renewed and enlarged consumption/markets

To conclude



- We have a well elaborated and cumulative policy frame for supporting innovation
 - even if we question it: balance between direct & indirect supports, between supply & demand tools, building of policy mixes
- But is it able to anticipate /cope with on-going transformative changes observed?
 - How can it consider new developments in the economy (services, distribution infrastructures, new user practices)?
 - are the different streams of instruments (indirect support to firms, investment in individual firms, collective orchestration/ accompanying) adapted and with what type of balance?

And a final plea



- One striking phenomenon (when analysing recent reports): researchers in advisory positions keep focusing on ‘manufacturing’ models
- Thus my plea
 - at the individual level: spend more time in ‘characterising’ situations before advising (and in particular better identify local on-going transformative processes)
 - at the collective level, an urgent need to redefine the research agenda on firm-based innovation activities