

On public leadership in innovation  
& white elephants:  
mission oriented innovation policies 2.0

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## It's time again for big Mission-Oriented Policies!

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- The current innovation policies are getting 'tired'
- Europe is hardly 'catching up' in terms of harbouring knowledge intensive growth industries
- BERD is only growing slowly and below world average
- Disparities in Europe are getting wider
- We still have quite some Grand Societal Challenges to tackle
  - *Climate Change, Sustainable Energy*
  - *Healthy Ageing and pressure on health (care) systems*
- The market (alone) is not solving these issues
- New leadership role led by the public sectors to take bold approaches that tackle these challenges **and** spur innovative business

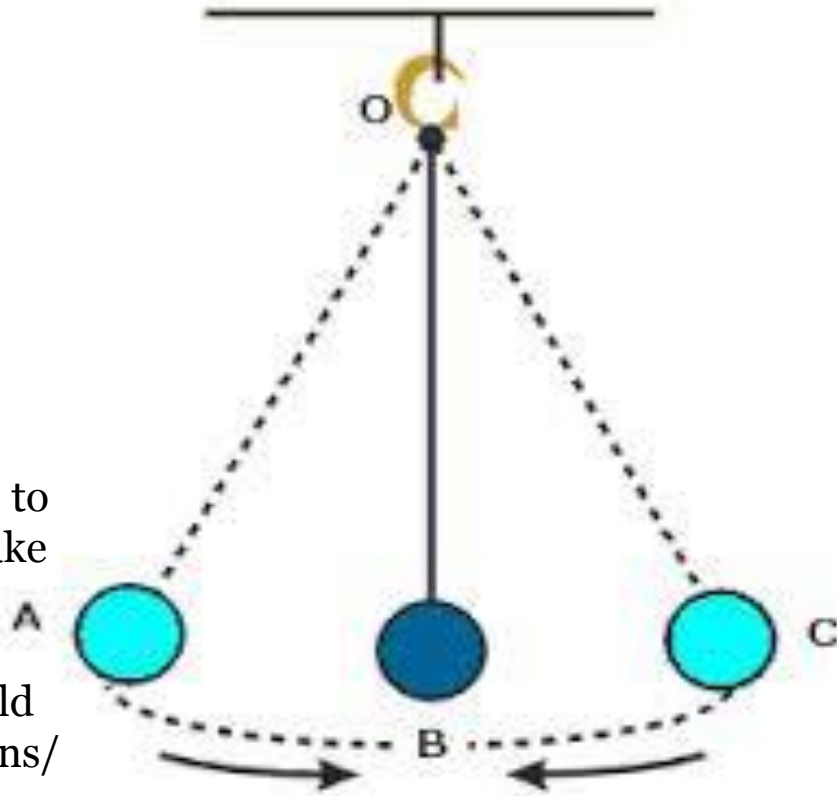
## The swinging pendulum in the state vs private sector relation in innovation policy

The state has a role to protect and support its strategic industries

The state can prioritise which sectors & domains have best opportunities

The private sector needs to be helped (nudged) to take the right R&D decisions

Policy instruments should prioritise specific domains/sectors



The private sector should take all decisions in what R&D to invest: free markets will decide

Don't pick winners

State role should just be creating some framework conditions

Generic measures to off-set R&D investment risks only

## Mission-oriented Policies Old Style

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- Henry Ergas coined the term mission-oriented countries (US, France, UK) -> Big-Scale R&D projects mostly defence related
- USA as a model where decades of large defence related contracts helping Silicon Valley companies to launch (-> Saxenian and her analysis of Silicon Valley, Mazzucato and the success of Apple)
- Meanwhile Europe went a different way-> Big Mission to support European and National Champions
- Industrial policy disguised as industrial science and technology policy -> R&D as the commodity between the state and strategic industries and their leading big companies -> shared mission
- Big programmes (ESPRIT, EUREKA, Airbus, MST in Germany, Electronics Stimulation in NL, Telecoms programmes in Sweden and Finland, ....)

## It created some spectacular White Elephants



## But it did seem to work ... at least for some time

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- Not many longitudinal impact studies that go beyond the single programme/ single R&D project
  - Longer term impact study of the EU Framework Programmes
    - ->Automotive: considerable impact on research agenda setting + standardisation of the industry, clean vehicles
  - The Telecommunication Programmes of Vinnova and its predecessors -> strengthened Ericsson, helped set GSM standard
  - The TEKES Telecoms programmes 1997-2010 very successful for Finnish telecoms industry -> until the crisis started
  - The EUREKA MEDEA+ programme created a European electronics research collaboration -> until they started non European alliances
  - Asian Tigers !
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## In the last decade this approach became politically suspect...

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- The pendulum swung back in the direction of a more neo-liberal approach to innovation policy -> UK + NL as the clearest examples
- The European Champions were offshoring manufacturing and entering into alliances with US and Japanese rivals
- Growth and innovation came from SMEs, new start-ups and the new fast growing companies (e.g. Google) were not from Europe
- The traditional R&D intensive companies became short term focused and retreated from in-house fundamental and 'strategic research'
- Austerity did the rest.....
- The EU picture is mixed whether this actually led to real hands-off, generic policies, but fiscal R&D policies were on the rise

## Signals that the pendulum is swinging back?

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- The European Commission talks of Industrial Policy Again
  - The Netherlands has its Top Sector Policy -> no government role
  - Germany has embraced its Industry 4.0 strategy
  - Some argue: Smart specialisation has 'picking winners' mentality
  
  - Changes in the context have made that Old Style Mission Oriented Policies focusing on sectors / champions can not work:
    - *Innovation happens at the cross-overs of technologies and sectors*
    - *Disruptive innovations from new business models*
    - *Globalisation of R&D*
  
  - So what next?
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## What next for Mission Oriented Policies 2.0?

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- We need to go beyond the single sector and/or narrowly defined technology programmes -> build platforms
- Find good practices and better ways to support the role of **non-technological components** of innovation
- For Big Missions that address Societal Challenges and Innovation governments need to take up an **ambitious leading role**
  - *In dialogue with private sector and societal stakeholders*
  - *Use & improve the available strategic tools*
  - *Implementing demand side policies that can scale up*
  - *Systemic transitions*
- From picking winners to picking new (societal) market niches that create winners

## What next for Mission Oriented Policies 2.0? continued

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- Asks for new forms of **holistic governance** -> but how?
  - *Many bottom up decentralised Task Forces....?*
  - *Top down coordination?*
  - *Think outside the Ministry boxes*
- A **private sector** that moves away from shareholder shortism and ready to commit to more risky R&D investments

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Thank you

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