

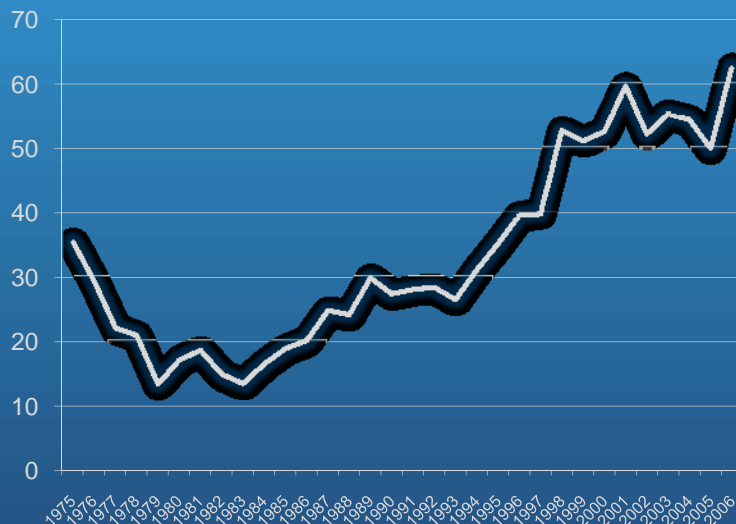
New Ideas in Innovation Policy

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Australia is not where it could be

Innovative Capacity



Contributors

- Since 1996, declines in expenditure on higher education and on share of research performed in Universities
- Reset to historic highs gets a 7% boost
- But match Norway and we are solidly in the Top 10.

Our past policy is not systematic

- Emphasis on ...
 - Strengthening IP protection
 - Discretionary grants to projects
 - Discretionary research centres
 - General tax breaks
- But ...
 - Are we getting a return?
 - Are we selecting the right projects?
 - Are we balancing scientific and commercial goals?

We need to rethink public support

- Explore demand-pull mechanisms to ensure needs are articulated
 - Prizes
 - Advance purchase commitments
- Letting scientists be scientists
 - Scientific reward motivates cumulative innovation
 - 'Commercialisation' is something that scientists neither have a comparative or absolute advantage
 - Need to put restrictions to foster openness on grants (i.e., reduce the cost of commercialisation) and create incentives for commercial interests to exploit them

Make it an economic priority

- Innovation incentives work best when they are ...
 - Committed
 - Coordinated
- Need an economic management institution (like the RBA and ACCC) to coordinate these activities
- Example: Australian Productivity and Innovation Commission
 - Amalgamate ARC, PC, IP Australia, CSIRO, Higher Education Endowment Fund + more
 - Use COAG process to avoid duplication and foster innovation