

Debate article (op-ed) published in DN Debatt of the Swedish daily "Dagens Nyheter", 26 March 2013:

The Swedish government neglects innovation policy

Developing climate. Unlike China and the USA, Sweden lacks a coherent national policy for innovations. An innovation policy worthy of the name must be coordinated with other policy areas and given higher priority. The mandate of the Swedish innovation agency, Vinnova, should be changed and an Innovation Policy Council created, writes Prof Charles Edquist of Lund University.

Many Asian countries have prioritized innovation policy for decades - with huge success. "Innovation" is one of the most important key words in China's latest 15-year plan, and the goal is for it to become an "innovation-oriented society".

The U.S. has also formulated an innovation policy. "A Strategy for American Innovation: Securing Our Economic Growth and Prosperity ", published on the White House website, states:

"Innovation-based economic growth will bring greater income, higher quality jobs, and improved health and quality of life for all U.S. citizens."

But in Sweden there is no coherent innovation policy.

This was made apparent in the recently published OECD study of Swedish innovation policy, but it has barely been commented on in the media.

The strategy "Innovative Sweden" was published by the Industry and Education Ministries in 2004, but it was vague and imprecise, especially as regards implementation. The same year an inter-ministry council with the Minister of Industry as chair was formed, but it was quickly closed down. Nothing happened.

The Ministry of Industry presented "The National Innovation Strategy" last autumn. Several ministries and agencies were involved in the process; this time less than two pages were devoted to the implementation of the strategy, and no measurable goals were formulated.

There are no signs that something radical is going to happen now either. Innovation issues did come up in the party leader debate in parliament, held shortly after the presentation of the strategy. Surprisingly, the Minister of Industry did not even mention the recently published "national innovation strategy".

A holistic innovation policy needs to be developed. It must take into account the variety of factors that together influence the development of new products and new processes. Innovation is not only a matter of basic research, as many seem to think. It is also about basic education, demand factors (such as innovation procurement and articulation of new product quality requirements), the creation of new organizations (such as the stimulation of entrepreneurship or policy organizations), interactive learning between organizations, the development of new laws and regulations (e.g. for patents), incubators to support brand new companies and venture capital for innovation - to name some of the most crucial factors.

The effects on innovation processes depend not least on how these factors interact; whether they reinforce or counteract each other. In innovation research, we therefore speak about innovation systems. In order to influence the operation of an innovation system, we require a holistic innovation policy, which grasps, at the same time and in the same context, all the different factors that influence innovation.

It is important to remember that the state in fact already puts a lot of resources into all these areas, but the measures are not sufficiently oriented towards supporting innovation processes. It is therefore a question of "adapting" or "turning" these activities so that they increasingly enhance innovation.

A little of the hundreds of billions of Crowns, currently used each year in Sweden for regular public procurement of existing goods and services, could well be used

to order products that are not yet available; products that could solve societal problems or satisfy needs if they were developed. This is called public procurement for innovation.

Regional policy, education policy, infrastructure policy, research policy, defense policy, and other policy areas could also be used to support innovation to a greater extent. Such adjustments could have a major impact on growth, employment, the environment and health - without requiring additional financial resources.

Still, instead of having a holistic perspective that spans ministry boundaries, innovation policy is not even a priority of the Ministry of Industry.

A holistic innovation policy is not achieved by only doubling the budget of the Swedish innovation agency Vinnova – as the OECD report suggests. The problem is that Vinnova's mandate from the government is to mainly use research to stimulate innovations. The government should instead transform Vinnova's activities to systematically addressing all the factors that influence innovation processes, with consequent budget improvement.

An innovation policy worthy of the name must be holistic, coordinated with other policy areas and in some cases have higher priority. This can be achieved by creating an Innovation Policy Council, as the OECD report also suggests. A similar proposal was made by Stefan Löfven almost a year ago.

Such a Council, with the Prime Minister as Chairman, could be a way to really give innovation policy a higher status than it has in today's government. Innovation issues really need to be lifted – several levels.

The question is, though, how such a council should be structured and what goals it should have. Similar councils, with the Prime Minister or the President as chairman, exist, for example in Finland and South Korea, but they operate quite differently in these two countries. In Finland, the Council Secretariat has 2 employees, in Korea 160.

In what areas should innovation policies be deployed? What should the innovation

policy objectives be? Growth? Highly productive jobs? Environment? Health? To mitigate global challenges? What means should be used for what goals? What should the criteria for public intervention be? How can the state avoid duplicating the activities that private actors can do? The questions are many - but possible to answer.

Market actors are by no means infallible, and they obviously cannot handle all that is required in a welfare society. In the field of innovation, public action is sometimes necessary. Exactly where the boundary between private and public should be in different areas, and what concrete public action should look like, can both be analyzed and constructively discussed.

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