SPRU Friday Seminar

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Speaker Morris Teubal (Hebrew University of Jerusalem)
Title Strategic and Adaptive Policy Targeting: Theory and an Example

Abstract

This paper presents a Strategic Innovation Policy (SIP) conceptual framework based on System/Evolutionary principles and applies it to and compares Policy Targeting of two types of new meso level priorities involving ‘higher level’ organizations or systems (HLOs, a term comprising sectors, industries, clusters or innovation systems): Type 1 policy targeting, where the priority-related underlying 'body of knowledge' is characterized by moderate uncertainty or risk; and Type 2 Policy Targeting, where there is radical uncertainty, unexpected events, and chaos. Explicit, knowledge based priority setting ‘upstream’ in the SIP process is critical given the prevalence of government failures related to priority setting (Teubal 2013a), and so is institutional separation from 'downstream' policy design and implementation (the latter subject to the influence of 'politics'). The evolutionary process leading to Policy Targeting has been inspired by the three phases identified in Israel’s successful Policy Targeting of its ICT-oriented entrepreneurial system during the 1990s (Avnimelech and Teubal 2006, 2008) – namely Background Conditions, Pre-Emergence and Emergence. A favorable set of pre-emergence conditions of various types including effective System Learning by priority setters could set the stage for Policy Targeting of what previously was a general promotion of innovation priority into a selective meso level priority; and eventually to emergence of the new HLO. The paper also considers the role of policy adaptations in improving the chances yet not the assurance of success. Despite the inherent complexities and uncertainties associated with Type 2 Policy Targeting the paper makes a strong case for a well functioning SIP system that combines both 'entrepreneurship' in the wide sense of the term and 'National and Government strategy'.

Bio

Morris Teubal is emeritus professor of economics at the Hebrew University of Jerusalem, where he taught till retirement since moving to Israel in 1970. While his initial publications after receiving his Phd from the University of Chicago (Hirofumi Uzawa and Milton Friedman) during the early 1970s concerned neoclassical models of growth and international trade, very rapidly he became interested in innovation at the micro economic level. It was then that he became a regular visitor to SPRU. This and his interaction with Chris Freeman and Keith Pavitt and later on with Dick Nelson, joint work with Roy Rothwell and a continuation of his micro studies in the context of

Israel (and increasingly in Latin America sometimes in connection with Jorge Katz) contributed to define his increasingly strong focus, both empirical and theoretical, on innovation and later on innovation policy. Moreover his work increasingly became more and more systemic and evolutionary.¶ During the last decade and a half a large portion is his work focused on entrepreneurial systems or clusters including early stage Venture Capital, both in the Israeli and European context (with a strong focus in analyzing Israel's successful ICT and Start Up oriented high-tech cluster of the 1990s and possible implications for understanding the widespread failure of many European countries in this regard at the time). He lectured in the Far East (Singapore, Korea, Japan and Thailand), Latin America (Argentina, Chile) and Australia/Canada on the Israeli experience and possible relevance of that experience for other countries and contexts. Together with Gil Avnimelech and Alessandro Rosiello an evolutionary theory of Venture Capital Policy was put forth and contrasted with a Neoclassical and a Conventional theory.¶ Partly as a result of the Global Financial Crisis and its aftermath, he has in the last 5-6 years increasingly paid attention to Strategic Innovation Policy (SIP) both conceptually and empirically. The present focus is to link national and government strategy to system/evolutionary processes and to adaptive innovation policy including Policy Targeting of new meso level entities like a new sector, industry, cluster, etc under conditions of Type 2 uncertainty (radical uncertainty and unexpected events). At present his interests lie in building a broad view or conceptual framework for innovation policy (system & process) which could be 'adaptive' to current (sometimes radical) changes in the global environment such as enhanced uncertainty, the importance of explicitly setting knowledge intensive priorities 'upstream' in the SIP process to inform 'downstream' policy objectives and policy design, continued structural change-based economic growth, the explicit need to 'relate' to or think about the future (including through new techniques like Robust Decision Making), and mutual meso-macroeconomic links.¶ Pari passu with this rather general objective a key focus of his future efforts will be to identify future growth trajectories for mature Western Economies where inclusive growth could become an important pre-condition for sustainable growth.