

Regional technology policy

Summary of advisory report 23

The three questions that the Minister of Economic Affairs submitted to the Advisory Council for Science and Technology Policy (AWT) can be summarised as follows:

1. To what extent do the regions differ in terms of 'innovation intensity' and are these differences amenable to influence by policy?
2. What can the regions do themselves to reinforce their innovative power?
3. What can national government do to help reinforce technology policy within and for the regions?

Differences between regions are narrowing

The AWT submitted the first question from the Minister of Economic Affairs to experts. The clear conclusion emerges from their study that the differences in innovation intensity between regions have very much narrowed in recent years. This does not exclude the need for (regional) technology policy. On the contrary, competitiveness in industry is increasing and the regions, too, will increasingly have to compete within Europe on the point of attractive location conditions. But, with some few exceptions, there are no grounds for any focused efforts to stimulate certain 'weak' regions; the exception is dealt with further on.

Regional technology policy

Technology policy is pursued at European, national and regional level. The question at the heart of these recommendations concerns the role of the national and regional level within this. Who should do what: who is responsible for allocating resources for policy programmes and who is responsible for implementation of policy? The Council has answered this question, looking at two criteria: effectiveness and efficiency.

The Council regards the encouragement of innovation in industry as the central objective for technology policy. It makes a distinction here by type of company: multinational companies, national exporting companies and the SME sector. Large companies and specialised smaller companies often know the route through the knowledge domain. As a rule, the SME requires an intermediary when it starts focusing its search for knowledge. In general, these companies are very much dependent upon parties in their immediate environment. These environmental factors therefore determine for them the conditions and parameters for innovative capacity to a significant degree. **The Council's conclusion is therefore that considerations of efficiency demand that policy on fostering innovation for the SME sector should be pursued at a regional level.**

Policy on encouraging innovation currently comprises a series of instruments, selected at national level and passed on to the regions in a uniform manner with an allocated sum. However, it is not immediately obvious that all regions require the same instruments, with the associated conditions and budgets. On the contrary, in the light of 'local flavouring', flexibility is required to tie in with specific regional needs in an optimal manner. The Council is therefore of

the opinion that considerations of effectiveness make it much more preferable for every region itself to be able to choose which initiatives are needed and therefore able to spend the resources as it sees fit. **In this context it advocates a transfer of resources for the fostering of innovation from national to provincial level. In its eyes, only the total amount should be earmarked for fostering innovation without any further specification for specific instruments.**

It refers to the following resources:

- the contribution for the Ministry of Economic Affairs to the Innovation Centres, the Regional Institutes for small and medium-sized companies, the TECH Centres and the regional development companies;
- the innovation funds for secondary and higher vocational education (70 million guilders each, between 1995 and 1999);
- a proportion of the R & D cooperation facility which has yet to be specified, as announced in the Knowledge in Action policy paper along with the feasibility facility and the regional funds for techno-startups in the same paper;
- the additional resources advocated by the AWT for expanding Technical Development Credit for innovation in the SME sector.

In its view, this proposal will increase efficiency in policy implementation. There is currently an impressive volume and variety of intermediary organisations at national and regional levels. Many of these organisations are targeted at the SME sector and meet one another in practice as competitors, with the risk of increasing inefficiency. **If these organisations were to have a regional subsidy provider, there would be pressure to rationalise (demarcation of responsibilities, merging, etc.) and thus efficiency gains.**

National technology policy

According to the Council, the main task of national government is to provide good general conditions and parameters for innovation, such as education, legislation and regulations, policy on patents, fiscal regime, etc. **There are no effectiveness or efficiency gains to be achieved in these areas at regional level, on the contrary.**

More specifically, in terms of innovation fostering policy, national government has a task to provide a sound knowledge system and to encourage more large-scale projects which go beyond the scope of the region. **Leaving the financing of these affairs to the regional level would, from a social point of view, lead to too low a level of investment.**

In its recommendations, the Council emphasises the importance of a university engineering education in a region for the economic development of the region. Such a training facility acts as a magnet for both the quality of other technical education and the region's technological economic development. The Council identifies a gap in the north of the country. **It advises the Minister of Education, Culture and Science to consult with Groningen university on developing the current technical/scientific training course into a broadly based engineering training course, with 'hard' subjects such as mechanical engineering and large-scale process technology.**