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LET BRAINWAVES FLOURISH

Australian innovation seems to have a big anchor or no sails to drive it forward

No nation in the G20 recorded a steeper drop in patenting than Australia did in the decade to 2012. And in no OECD nation are businesses less likely to engage with researchers than in our own.

A report released today by the Australian Council of Learned Academies examines innovation initiatives in 14 countries.

The 14 include some like us in important ways, whether by size, industry mix or institutional structures.

They are also sufficiently *unlike* each other to demonstrate that some lessons apply across economies; regardless of size, regardless of culture and regardless of the accidents of history.

The report, *Translating Research for Economic and Social Benefit: Country Comparisons*, demonstrates a clear link between national policy and performance.

Is that a surprise?

It shouldn't be to anybody who has thought about this long and hard, nor to anybody who thinks about why we are what we are.

What are we? We are a nation that does well in research but poorly on any measure of innovation.

When about 70 per cent or more of our nation's researchers are in universities and public institutions and less than 30 per cent in business, you might think that it would be handy to get them talking and working together at scale – if we really want to change.

Australia's position is all the more remarkable given the undoubted strength of our schools and universities, the generosity of our research and development tax incentives and the economic tailwinds we have enjoyed.

Add to all that the rhetorical tailwinds blowing over decades and you would have to conclude that we have a very big anchor (our culture) or no sails (our collective will).

We know "she'll be right" so we settle back, anticipating another resources boom, or magic.

Being where we are does, of course, have an advantage: there are a multitude of nations to look up to.

ACOLA has taken full advantage of this and, as a result, the report is a rich compendium of ideas about how to improve our performance. The first and most important lesson is that high-performing innovation systems go hand in hand with well-designed and aggressively prosecuted public policy.

Where do the ideas and skilled personnel come from if not very substantially from publicly funded or subsidised research? What determines the capacity of a business to form and to flourish if not the publicly defined regulatory arrangements?

Nations that outperform us see the connections and go all in, in the words of US President Barack Obama – not hands off.

The US government is one of the biggest venture capital funders in the world (if not the biggest), as a result of measures, some of which go back to president Ronald Reagan, that have been prosecuted strongly under every subsequent administration.

British universities have a fiercely defended tradition of autonomy yet operate very effectively within government-led innovation clusters and technology accelerators.

Israel's chief scientist brokers partnerships between Israeli start-ups and corporate funders, and administers generous public funds.

Nor do too many still believe there is truth to the oft-repeated claim that innovation works best when governments get out of the way.

Strategic and involved, yes; absent, no.

What matters is the capacity to articulate the goal and pursue it consistently in policy: adapting as required through evaluation but enduring over time and across election cycles because they work.

The second lesson is that picking winners is not simply desirable – it is unavoidable. In any system with rationed resources, choices have to be made.

Resolving not to pick winners only dooms you to picking so many things in such a scattergun way that few of them can derive (or provide) any great benefit from scale.

While it may suit some people to use the expression as a pejorative, those same people have say by and watched the rationed resource spread thinly off the back of multiple transitory programs – and we ask why we are where we are.

If we could liberate ourselves from our determination to make our choices blind, perhaps we could learn something from the programs that make winners of their picks – because they choose them well, support them intelligently and make something larger from their success.

Let's learn from the best about how to become the best possible version of ourselves. The ACOLA report shows the way.