There is a broad debate in development circles over the need for government to support domestic research and development. This debate traces its origins back to the 1960s and the creation of Science Councils in Africa, Latin America and Asia. These councils were the advocates for supply side policies aimed at promoting R&D or what has since come to be known as a supply push approach within a linear model of the innovation process. That model conceived of innovation as starting with research, moving on to development and then on to the commercialization of new products and processes.

In its earliest phase, supply side policies were aimed mainly at strengthening science and engineering education in the nascent universities of developing countries. Later, as innovation became central to the competitiveness of countries, the linear model of innovation, still in vogue, shifted its focus from simply supplying researchers to the funding of their research in the expectation that this would directly contribute to innovation at the enterprise level.

It was mainly as a result of the same competitive pressures that large multinational firms began to pay increasing attention to R&D not only in-house but also through strategic partnering activities with universities and other firms. Both types of R&D activity were primarily concentrated in the developed countries themselves and the pressure to compete turned most of the attention to research related to the needs of their principal markets.

Over the years, the State’s involvement in the economy fell out of favour in the developed world and with it a critique of government R&D funding emerged. Governments were encouraged to reduce support for public sector research institutions and to let the market determine the amount and location of R&D activities within the economy. This critique later spilled over to developing countries then faced with pressures for structural adjustment that included the need for sharp cuts in government budgets of all sorts.

Missing from this earlier analysis were two critical factors. The first of these concerns the problem of choice and the narrowing of alternatives when research and development is left to a market in which the principal supply-side actors are large multinational firms located elsewhere and
investing in R&D for their major markets. The second relates to the recent re-conceptualisation of the innovation process as an interactive process in which local firms and local research institutions are both critical actors. From this perspective, demand pull is a potentially critical element in an innovation process. It is in this dual context that domestic R&D assumes a more important role.

Even then the question remains as to the nature of government involvement in the process of stimulating domestic R&D and the conditions under which fiscal and non-fiscal instruments available to governments for this purpose achieve their desired result. The study by Sunil Mani provides a new and very policy-relevant look at this question from the base of a set of comparative developing country case studies. These range from the strongly supportive role of government in the development of R&D capability in South Korea followed by the growth of in-house R&D in the Korean enterprise sector over the 1990s to five close follower countries in Asia, Africa and Latin America which collectively illustrate the wide variety of differing experiences. The evidence these case studies provide, however, supports the relevance for innovation of fiscal and non-fiscal measures to stimulate and support local research and development in each of these countries. But policies have not all been equally effective. As this study demonstrates, effectiveness depends critically upon the supply of technically trained scientific personal and the emergence of a broad based enterprise sector. Dr Mani’s work thus alerts us to the need to avoid over generalisation and to understand the contextual and temporal specificity of innovation policy.

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