The Triple Helix: A View From Institutional Economics

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Context

- My field of research: entrepreneurship and international business
- Methodology: Economic theory of institutions, economic history
- Practical experience: consultant and adviser to BIS, UKTI 1998-2010
- Role: Constructive critic
Focus

• The economic rationale for government intervention in technology transfer

• The benefits and costs of delivering government support through Triple Helix
Three questions

• Why do we need three-way collaboration? Is it cost-effective?

• What exactly is the role of government?
  – subsidies?
  – intermediation?
  – subsidised intermediation?

• What are the intended impacts and what are the actual impacts? Aligning objectives or distorting behaviour?
Collaboration

• Three-way collaboration in the 1960s corporate economy: government – business – unions. Dismantled by Reagan and Thatcher: a rent-seeking conspiracy against the public?
• Competitiveness issue of the 1970s – emphasis on technology transfer and the innovative firm: collaboration involves universities instead of unions
• National innovation systems and economic development – building global technology leadership or just a ‘catch-up’ strategy for the second-best?
The role of government: subsidies

• In the 1960s government focused on defence, law and order, full employment and welfare
• Universities were subsidised to do basic research and defence-related research
• Basic research answered ‘big questions’ and enhanced national prestige
• Knowledge produced in universities was either treated as a ‘public good’ or as a military secret; hence the need for subsidies
• Today the emphasis is on applied research and protection through IPR. So why is subsidy necessary?
The role of government: intermediation

- ‘Perfect markets’ pose no issue of contact-making and trust. But in real-world markets for knowledge, both are crucial.
- Trusted intermediaries can broker transactions. But who can be trusted? Consultants? Bankers?
- Evidence suggests that government is trusted more than any-one else: high-profile, informed, discreet non-profit.
- Government has a role in technology transfer as a reputable intermediary.
The role of government: subsidised intermediation

- *Facilitating* technology transfer versus *promoting* technology transfer
- Facilitation warrants a small subsidy: marginal cost rather than full cost pricing of services
- Promotion warrants a larger subsidy, but why is technology transfer under-supplied by the market?
- Facilitation requires career civil servants with specialised knowledge – but how do they acquire this knowledge?
Unintended consequences?

• Even if technology transfer is under-supplied, intervention can still fail
• ‘Additionality issue’: subsidy recipients may not change their behaviour
• Subsidising applied research may lead to under-supply of basic research (distortion of university behaviour)
• How does Triple Helix manage these issues?
Points for discussion

- Triple Helix is embedded in ‘national innovation systems’ thinking. This involves implicit economic assumptions that can be challenged.
- It understates the costs of partnering between institutions with fundamentally different goals.
- It may divert resources from basic research that lacks short–term commercial pay-offs.
- It does not address all the ways in which interventions can go wrong.