Table of Contents

0 Introduction **1**
Patrick Llerena and Mireille Matt
0.1 Why Analyze Innovation Policies From a Knowledge-Based Perspective? 1
0.2 The Rationales Behind Innovation Policies: Dynamic Approaches 3
0.3 New Technology Procurement: Knowledge Creation, Diffusion and Coordination 6
0.4 The Impact of Incentives Tools on Systemic and Learning Failures 9
0.5 The Relevance of R&D Strategic Management in Policy Design 11

Part I The Rationales Behind Innovation Policies: Dynamic Approaches **15**

1 From Economic Foundations to S&T Policy Tools: a Comparative Analysis of the Dominant Paradigms **17**
Laurent Bach and Mireille Matt
1.1 Introduction 17
1.2 The NC Framework 18
1.2.1 Allocation of Resources, Technology as Information, and Market Failures 18
1.2.2 S&T Policy Principles and Actions 20
1.2.3 About Empirical Problems of Applications and "Government Failures" 23
1.3 The Evolutionary-Structuralist Framework 26
1.3.1 Creation of Resources, Knowledge and "Learning Failures" 26
1.3.2 S&T Policy Principles and Action 29
1.3.3 About Empirical Problems of Applications and "Government Failures" 30
1.4 The Issue of Additionality 31
1.4.1 General Remarks 31
1.4.2 Different Concepts of Additionality 33
1.5 Conclusion: Beyond an Oversimplified Antagonism Between the Rationales for S&T Policy 38
1.6 References 40

2 Systems Failure and the Case for Innovation Policy 47
James Stanley Metcalfe
2.1 Introduction 47
2.2 Attributes of the Innovation Process 49
2.3 The Limits of Market Failure 54
2.4 Innovation Systems and the Competitive Process 61
2.5 Increasing Returns, 'Roundabout' Knowledge Production and Innovation Systems 63
2.6 Policy for Systems Failure 68
2.7 Conclusion 71
2.8 References 72

3 Technology Policy in the Knowledge-Based Economy 75
Patrick Cohendet and Frieder Meyer-Krahmer
3.1 Introduction 75
3.2 Knowledge-Intensive Communities 77
3.3 The Production of Knowledge: a Renewed Vision of the Classical Frame, Which Takes Account of the Role of Communities 80
3.3.1 The Traditional Vision 80
3.3.2 Questioning the Traditional Vision 82
3.4 The Main Determinants of KOP in a Knowledge-Based Perspective 86
3.4.1 Reconsidering Incentives in a KOP Context 87
3.4.2 The Role of Trust 89
3.5 Selected Conclusions for KOP 91
3.5.1 Patents Revisited in a KOP Perspective 92
3.5.2 KOP Within a Decentralized Innovation Policy Model 95
3.5.3 KOP Initiatives to Bridge Between "Expert" and "Lay" Knowledge 100
3.5.4 KOP and Access to Knowledge and Co-Evolution of Emittive and Absorptive Capacities: Technology Transfer Revisited 101
3.5.5 KOP Initiatives for SMEs: Shifting from R&D to Competencies 103
3.5.6 KOP and New Agents of Knowledge 105
3.6 Conclusion 107
3.7 References 108

Part II New Technology Procurement: Knowledge Creation, Diffusion and Coordination **113**

4 Technology Policy and A-Synchronic Technologies: The Case of German High-Speed Trains **115**
Patrick Llerena and Eric Schenk
4.1 Introduction 115
4.2 The German High-Speed Train Programmes 116
4.2.1 The Generic High-Speed Train Programme 117
4.2.2 High-Speed Trains in an Institutional Specialisation Context 119
4.3 The Role of Institutions in the Management of Options 121
4.3.1 The Importance of Maintaining Options 122
4.3.2 The Differentiated Role of Institutions 122
4.4 Why and how Learning is Done ? 123
4.4.1 Exploration vs. Exploitation 124
4.4.2 The Learning Environment 124
4.4.3 Learning-by-Doing 125
4.5 Technology Competition 127
4.5.1 The Role of Learning 127
4.5.2 Network Competition 131
4.6 Conclusion 133
4.7 References 133

5 Institutional Arrangements of Technology Policy and Management of Diversity: the Case of Digital Switching System in France and in Italy **135**
Patrick Llerena, Mireille Matt and Stefania Trenti
5.1 Introduction 135
5.2 Institutional Arrangements, Information Structure and Coordination 138
5.2.1 Information Structure and Coordination in Technology Policies: Analytical Framework 138
5.2.2 Relevance of Coordination Modes in France and in Italy . 141
5.3 Coordination and the Management of Diversity 148
5.3.1 Analytical Elements 148
5.3.2 The French Case: a Successful Technology, but a National Orphan. 150
5.3.3 The Italian Case: Late Coordination and Delayed Choice of Technology 152
5.4 Assessment of the Policies and Conclusion 155
5.5 References 157

6 A Study of Military Innovation Diffusion Based on Two Case Studies 161
Arman Avadikyan, Patrick Cohendet and Olivier Dupouët
6.1 Introduction 161
6.2 Major Characteristics of Military Innovation Diffusion : Context Matters 163
6.2.1 Nature of Technologies 163
6.2.2 The Nature of the Organization 165
6.2.3 The Relationships with Users 166
6.2.4 Context Matters 167
6.3 An Analysis of Diffusion Mechanisms Based on Two Case Studies : the Airsys Radars and the MBD Apache Missile 168
6.3.1 The Positive Economic Effects of the Two Projects 169
6.3.2 Factors Hindering the Innovation Diffusion Process 170
6.4 Firm-Specific Choices 179
6.4.1 Thomson-CSF/Airsys 179
6.4.2 MBD 182
6.5 Conclusions 184
6.6 References 187

Part III Impact of Incentives Tools on Systemic and Learning Failures 191

7 University-Industry Relationships and Regional Innovation Systems: Analysis of the French Procedure Cifre 193
Jean-Alain Héraud and Rachel Lévy
7.1 Introduction 193
7.2 Regional Systems of Innovation 195
7.2.1 Different Systems of Innovation 195
7.2.2 Systems of Innovation at Regional Level 196
7.2.3 The Role of University-Industry Collaboration and the Diversity of RSI 198
7.3 The Cifre System 200
7.3.1 Presentation of the Cifre System 200
7.3.2 The Cifre System: a Good Indicator of Science-Industry Collaboration 202
7.4 Empirical Results 202
7.4.1 Towards a Typology of Regions 204
7.4.2 The Role of the KIBS 209
7.4.3 Integrating Classical Indicators into the Analysis 213
7.5 Conclusion 216
7.6 References 217

8 Research and Development Tax Incentives: a Comparative Analysis of Various National Mechanisms 221
Stéphane Lhuillery
8.1 Introduction 221
8.2 R&D Tax Incentives: an Overview of National Schemes 222
8.2.1 A Spreading Mechanism 222
8.2.2 The Different Types of R&D Tax Incentives 224
8.3 Defining the Base for RDTIs 227
8.3.1 Internal Dividing Lines 227
8.3.2 External Dividing Lines 230
8.4 Design of RDTI Mechanisms 231
8.4.1 Limiting the Risks Attached to RDTIs 232
8.4.2 Targeted Incentives 233
8.5 RDTIs and Their Environment 237
8.5.1 Overlapping R&D Policy Tools 237
8.5.2 From R&D to Technology Fiscal Incentives 240
8.5.3 RDTIs in an Overall and Global Tax Policy 243
8.6 Conclusion 244
8.7 References 246

9 Twenty Years of Evaluation with the BETA Method: Some Insights on Current Collaborative ST&I Policy Issues 251
Laurent Bach and Mireille Matt
9.1 Introduction 251
9.2 Positioning, Methodology and Overview of Empirical Studies 252
9.2.1 Positioning 252
9.2.2 Methodology 255
9.2.3 Overview of Empirical Studies Using the BETA Method 260
9.3 University-Industry Collaboration in R&D Activities 263
9.3.1 The Impact of Scientific Research Results on Industrial Partners 263
9.3.2 The Impact of Collaborative Innovation Projects on PROs 265
9.4 Role and Performance of SMEs in Collaborative Projects 266
9.4.1 Do SMEs get More Benefits than Large Firms? 267
9.4.2 Do all SMEs Perform Equally? 269
9.5 The Design of Partnerships and the Performances of Actors ... 272
9.5.1 The Design Imposed by the Public Programme 273
9.5.2 The Exploitation of Complementarities 274
9.6 Conclusion 275
9.7 References 277

Part IV The Relevance of R&D Strategic Management in Policy Design 283

10 The Organizational Specificities of Brite-Euram Collaborative Projects: Micro-Analysis and Policy Implications 285
Mireille Matt and Sandrine Wolff
10.1 Introduction 285
10.2 A Review of the Literature: Incentives, Coordination, and Learning in R&D Collaborations, and Some Dynamic Implications 287
10.2.1 The Incentive Issue: the Motivations of Inter-Firm Technological Cooperation 287
10.2.2 The Cognitive Dimension: Different Types of Learning Processes 291
10.2.3 The Coordination Dimension: Flexibility, Formal and Informal Mechanisms 294
10.2.4 Implication on the Evolution of Alliances 296
10.3 The Specificities of EU Sponsored Collaborative Projects 297
10.3.1 Incentives to Form EU Sponsored R&D Collaborations 298
10.3.2 Learning in EU Sponsored Collaboration: the Predominance of Unilateral Learning 302
10.3.3 Coordination of Activities in EU Sponsored Collaboration: pre-Defined Rules and Arbitration as a Short-Term Stabilizing Factor 304
10.3.4 Two Contrasted Scenarios of Evolution 307
10.4 Policy Implications 309
10.4.1 Revisiting the Rationale of EU Research Programmes in the Light of Firms' Incentives to Collaborate 309
10.4.2 Toward Revisiting the Rationale of EU Research Programmes in the Light of Specific Inter-Firm Learning and Coordination Mechanisms 313
10.5 Conclusion 314
10.6 References 315

11 How International are National (and European) Science and Technology Policies? 319
Jakob Edler and Frieder Meyer-Krahmer
11.1 Introduction 319
11.2 Patterns of International R & D 320
11.2.1 Scale and Scope of International R&D 320
11.2.2 Lessons on Location Factors of MNCs 324
11.3 Existing Policy Activities for Internationalization 327

11.4 Consequences and Issues for Technology Policy in Europe ..330
11.4.1 Policy Challenges Stemming from the Market Adaptation Mode 331
11.4.2 Policy Challenges in the Knowledge Creation Mode 332
11.4.3 Limitations and Counterproductive Tendencies 333
11.5 References 334

12 Universities Specificities and the Emergence of a Global Model of University: how to Manage These Contradictory Realities 339
Chantale Mailhot and Véronique Schaeffer
12.1 Introduction 339
12.2 Science Policies and the Emergence of a New Global Model of University 340
12.2.1 Science Policies and the Evolution of the Missions of the Universities 341
12.2.2 The Emergence of an Entrepreneurial Model of University 344
12.3 The Need for Strategic Management in Universities 345
12.3.1 The Management of Emerging Conflicts 346
12.3.2 The Limits of a Global Model 347
12.4 The Challenge: Exploitation of the Diversity in the Science System 351
12.4.1 Policies for Science and Denial of the Diversity Between Universities 352
12.4.2 The Diversity of Universities: an Asset in a Learning Economy 353
12.4.3 A "bottom-up" Approach in the Global Framework 354
12.5 Conclusion 356
12.6 References 357

Contributing Authors 361