

Rhetoric of innovation: watch your language

Aidan Kane *

Sunday Business Post 6th June 2004

Almost without anyone noticing, Ireland has in recent years adopted the mantle of an 'innovation society'.

We are, if official pronouncements are to be believed, committed to becoming a 'knowledge-based economy and society'. Innovation is held to be the key to 'moving up the value chain' for enterprises and delivering a high-wage economy and an improved quality of life.

At one level, there is no problem with this. Economists now generally acknowledge that innovation is very important, in the sense that the technological change it generates is the only source of sustained long-run increases in living standards.

The acute importance of this for Ireland is underlined by an increasingly competitive international environment, which means that our economic strategy cannot rest on its laurels. Long-term global demographic pressures mean that each worker will need to be more productive to support a larger dependant group. That can only happen through innovation.

The policy response has certainly been impressive, with a transformation of the research funding landscape at third level through Science Foundation Ireland, the Programme for Research in Third Level Institutions and two research councils, one for science, engineering and technology (IRCSET) and another for the humanities and social sciences (IRCHSS). Agencies such as the Health Research Board and the Environmental Protection Agency have dedicated research programmes. These initiatives, along with private sector

*Department of Economics, NUI Galway.

and EU sources, add up to some €2.5 billion in the National Development Plan.

Alongside this, the rhetoric of innovation has been widely adopted by policymakers (by some more convincingly than by others) to describe where Ireland is going. This rhetoric has been generally unexamined, and in some respects it is problematic.

Economists devote too little attention to understanding how the language they use is filtered and transmitted in the political process, often with undesirable results.

The particular case of the language of innovation is a fascinating one. We now think of ‘innovations’ as new products or processes, or of ‘innovation’ as the act of generating them. This very novelty was once a source of suspicion and criticism of innovation. An obsolete sense of the word equates ‘innovation’ with ‘revolution’—the overturning of accepted norms and social rules.

The shift in meaning from this pejorative sense to the modern one in which innovations are identified with economic and social progress, itself makes an important point. Innovation does not occur in a social vacuum, nor is it purely a matter of science and technology. Innovation requires a society which values change, one which is open to ‘new things’, and to new ideas.

The more modern language of innovation (and in the academic environment ‘innovation studies’) is best appreciated by recognising that it has some very ‘Third-Way’ overtones. A recurring theme is the notion that conventional boundaries between the market and the state are no longer relevant for an innovation society.

Partly, this arises from the valid observation that modern innovation often involves complex patterns of co-operation between governments, academia and enterprises, through joint research projects and or the provision of highly skilled human capital.

However, taken too far, this language too easily blurs boundaries that should be distinct. By intellectual sleight-of-hand, the Third Way arguments of Tony Blair, and before him Bill Clinton, assume that the traditional ‘market versus state’ argument is somehow no longer relevant, or can be glibly transcended.

I would contend that the appropriate extent of the roles of the state in economic and civil domains, and limits to these roles, is still a central issue

in political economy.

Perhaps such issues were not resolved as neatly as some imagined the day the Berlin Wall fell, but it is much more honest and useful to have that continuing debate openly, rather than assume it away.

The particular risk in innovation policy is that too easy an adoption of this rhetoric can lead to the reintroduction by the back door of industrial policy, whereby the state presumes to identify and support ‘strategically important sectors’.

Strong political pressures in any democratic society will always pull policy-makers in this direction. Perhaps economists should, preacher-like, advise them to resist the lure of temptation, and occasionally paint suitably scary visions of an afterlife of subsidies and corporate welfare to keep them straight. The rhetoric of innovation is unfailingly pragmatic-rooted in a Third Way obsession with ‘whatever works’. Part of the problem is that we rarely know what does ‘work’, and it is a fatal conceit to imagine that we do. Furthermore, unschooled pragmatism tends to set aside questions of due process, or of rights.

This is especially relevant to debates about the reform of institutions in Ireland. The instinct here is to arrive at centrally-imposed solutions—partly from a fairly rational ‘small country’ argument—which risk the very diversity that is often central to innovation.

The third-level sector in Ireland has arrived at this pass. Universities were essentially nationalised in 1997, partly by statute and partly by the introduction of free fees.

It is rather weak now to complain of being arbitrarily privatised, when the arbitrary nationalisation went through with so little fuss—and with enthusiasm from some. But if the mantras are ‘the innovation society’ and ‘whatever works’, we have only ourselves to blame for meekly accepting, and in some cases contributing to, a flawed discourse.

Particularly problematic is that, at an academic level, innovation studies in some countries have provided a comfortable home for those who lost the arguments on the appropriate degree of state intervention.

Some of the journal literature is more or less old left dressed up in a new language replete with pejorative references to ‘free markets’ and the identifi-

cation of pro-market arguments as uniquely 'ideological'. It's funny how the other side is always 'ideological'.

Providing homes for bewildered leftwing academics may be justifiable on diversity and social cohesion grounds, but it is not a good basis for economic strategy. As the renowned British Labour peer and Methodist Donald Soper once observed about born-again Christians: "I liked them better the first time around".

http://www.aidankane.net/writingsetc/2004_kane_rhetoric02.html