Smart government for smart specialisation

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Overview

• Debating the state
• S3 governance challenge
• Public sector innovation
• Speaking truth to power
  – barriers to smart government
Debating the state: the neo-liberal critique

• Politically based on a zero-sum conception (less state = more market)

• Theoretically based on Hayekian insights:
  – Industrial policy will induce rent-seeking, so states should not engage in “picking winners”
  – Informational: the state cannot be a surrogate for the decentralised information processing capacity of markets
Debating the state: the entrepreneurial state

• A recent critique of the neo-liberal critique is *The Entrepreneurial State*, which aims to:
  – change the way we talk about the state
  – claims the state can be innovative
  – argues that smart technologies in the iPhone were all funded by the state

• But DARPA is used as an example (ie a unique mission-driven US defence agency, which is atypical of the public sector)
Debating the state: the embedded state

• Another critique of the neo-liberal critique is the social learning approach (Rodrik):
  – the state lacks information yes, but so does the private sector!
  – firms and states need to collaborate to learn together in a trial-and-error process of experimentation
  – the aim is to elicit information, find joint solutions, and evaluate outcomes as they emerge
  – welcome to the embedded state, the most appropriate repertoire for the S3 process
S3 governance challenge

- Smart Specialisation Strategy (S3) builds on, but breaks with the past
- **Builds on the past** – by building on regional innovation policy since STRIDE in 1990
- **Breaks with the past** – by giving parity of esteem to non-government actors and breaking with state-centric repertoires
- S3 puts **public sector innovation** on the regional policy agenda for the first time
Public sector innovation

• S3 makes enormous demands of the public sector, but there is a paradox here
• S3 expects the public sector to be smarter when austerity is undermining it
• But public sector innovation MUST happen:
  – smarter public administration
  – citizen-centric public services
  – user-focused business support services
Speaking truth to power

• Time to recognise the political barriers to smart government

• **Feedback** is critical in all systems - but it is stymied by fear, power and hierarchy

• **Failure** is not tolerated - but the public sector is enjoined to be more experimental

• **Learning** is very difficult - because time and space are not afforded to monitoring, evaluation and reflection
Conclusions

• Conceptions of the state need to move beyond the *caricatures* of right and left
• The public sector needs *competence* and *confidence* if it is to experiment/innovate
• Public sector taboo subjects – *feedback, failure* and *learning* – need to be debated openly
• The S3 policy community needs to embrace *auditors, lawyers* and *politicians* to support public sector innovation because they fuel the risk-averse culture that kills creativity
References

• Morgan, K. (2013) *The Regional State in the Era of Smart Specialisation*, *Economiaz*, 83(2)