

# **Smart government for smart specialisation**

Kevin Morgan  
Cardiff University

**UNECE Conference on Smart Specialisation  
Palais des Nations, Geneva  
16-17 October 2014**

# 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

- Foray, D. et al (2012) **Guide to Research and Innovation Strategies for Smart Specialisation**, European Commission
- House of Commons (2014) **Truth to Power**, HC 74, London
- Mazzucato, M. (2013) **The Entrepreneurial State**, Anthem Press
- Morgan, K. (2013) *The Regional State in the Era of Smart Specialisation*, **Economiaz**, 83(2)
- National Audit Office (2009) **Helping Government Learn**, HC 129, London
- Rodrik, D. (2004) *Industrial Policy for the Twenty-First Century*, **UNIDO**