



Which priorities for Community research policies post 2010?

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Background

- Reporting on an Expert Group (EG), consisting of 17 experts all actively involved in existing European institutions such as:
 - the European Research Council (Mathias Dewatripont and Helga Nowotny, vice president);
 - the Commissioner's so-called K4G (Knowledge for growth) group (Dominique Foray, vice chairman and Georg Licht),
 - the European Institute on Innovation and Technology (João Caraça, member of the board of the EIT),
 - the European Research Area Board (Jan van den Biesen)
 - European research associations such as the European Industrial Research Management Association (Andrew Dearing, secretary general of EIRMA) and Euroscience (Enric Banda, president).
 - Other members of the EG were: Thomas Andersson, Andrea Bonaccorsi, Tini Colijn, Ken Guy, Monika Kriaucioniene, Mette Praest Knudsen, Slavo Radosevic, Frédérique Sachwald, Luc Soete.
- Set up at the end of 2008 to deliver a report end of October on “***The Role of Community Research Policy in the Knowledge-Based Economy***”.
- The Terms of Reference (ToR) of the EG explicitly referred to the need for an **economic assessment** coming up with new ideas, analyses and so-called “evidence-based recommendations for actions”, hence the dominance in this EG of experts from the academic, business and policy making communities with a strong economic background.



But crisis was of course not foreseen

- Impact of the crisis on European research and innovation policies as “fil conducteur” through the meetings of the group and the Report.
- Six set of major challenges:
 - On the funding of research and innovation – the rate of technical change;
 - On the direction of technical change;
 - On the quality of research: excellence through merit-based competition;
 - On the organization of research and the emergence of the open innovation paradigm;
 - On the regional impact and European social cohesion;
 - On the rationale for European versus national research policy.
- Leading to some 14 Recommendations: report finally submitted to Commission yesterday.



1. On funding: from a socialisation of debt to a socialisation of knowledge?

- Given likely long term fiscal pressures on Member States' budgets in the years to come, it is crucial to stress today the particular responsibility of public sector in Europe to support research and innovation. From a Interventions of various MS in preventing the collapse of their financial systems might be described as a "socialisation of debt". In the coming years of fiscal austerity, it will be important to stress the need for a process of "socialisation of knowledge" bringing to the forefront the particular role of the public sector in providing support for knowledge investment in close interaction with the private sector.

Recommendation 1: Set a new EU 3% knowledge investment target.

Obtain Member States' commitment to increase their investments in knowledge and set national targets so as to achieve that by 2020 1% of Europe's GDP is spent from public funds on research and development and 2% of Europe's GDP on higher education. Implementation of national targets will be under the full control of governments and will not depend on private sector investment decisions.

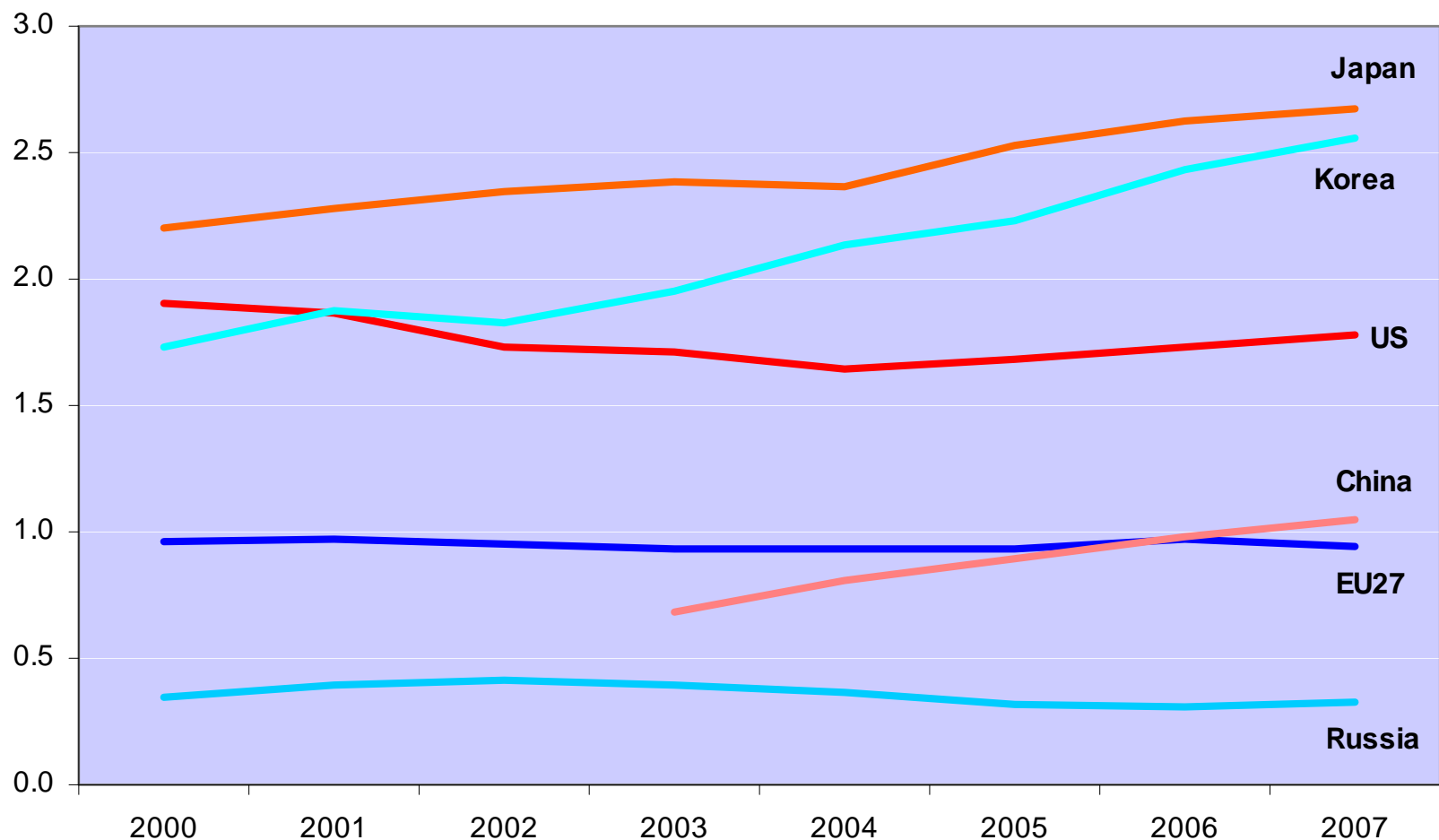


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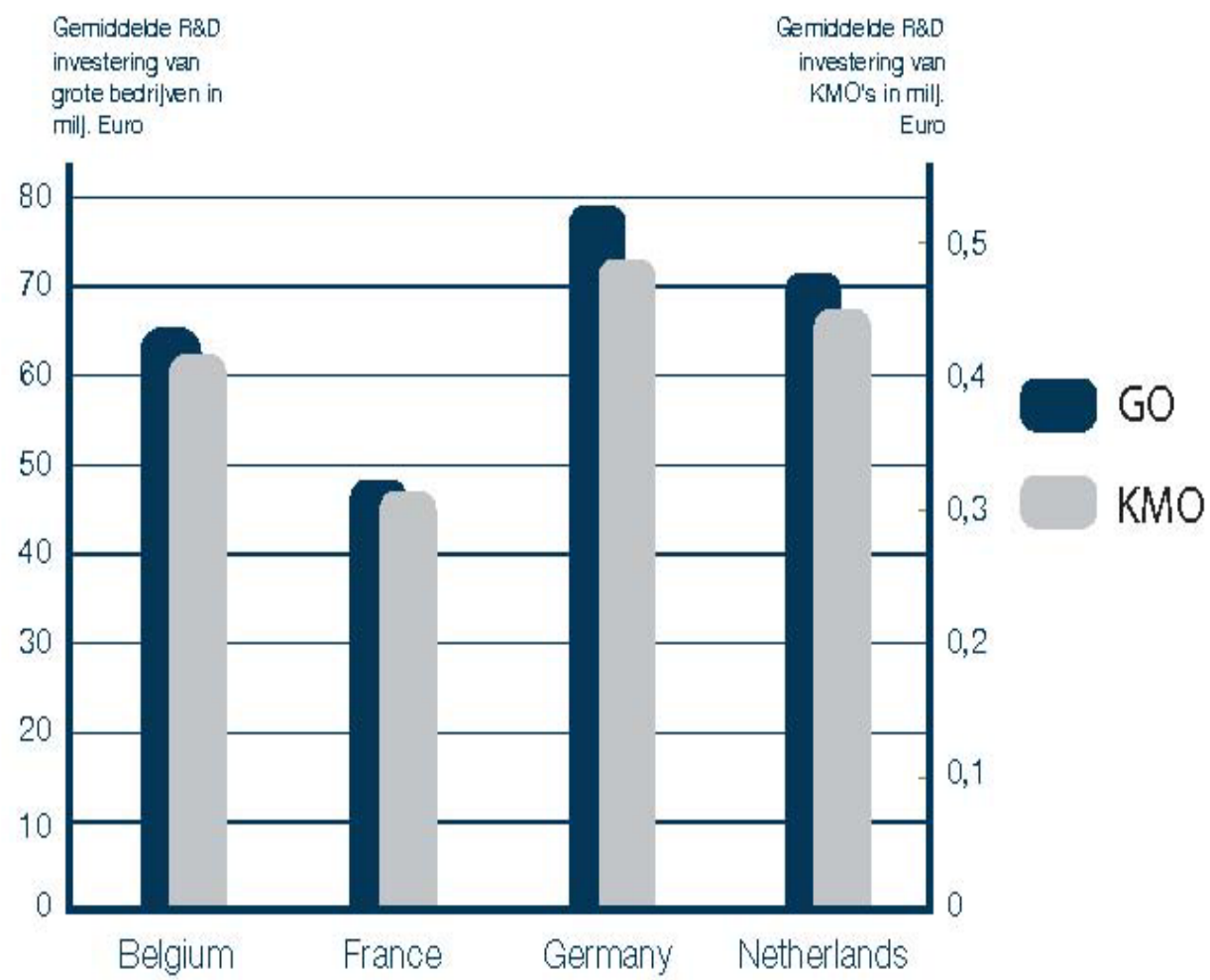


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Industry-financed GERD as a percentage of GDP (2000-2007).



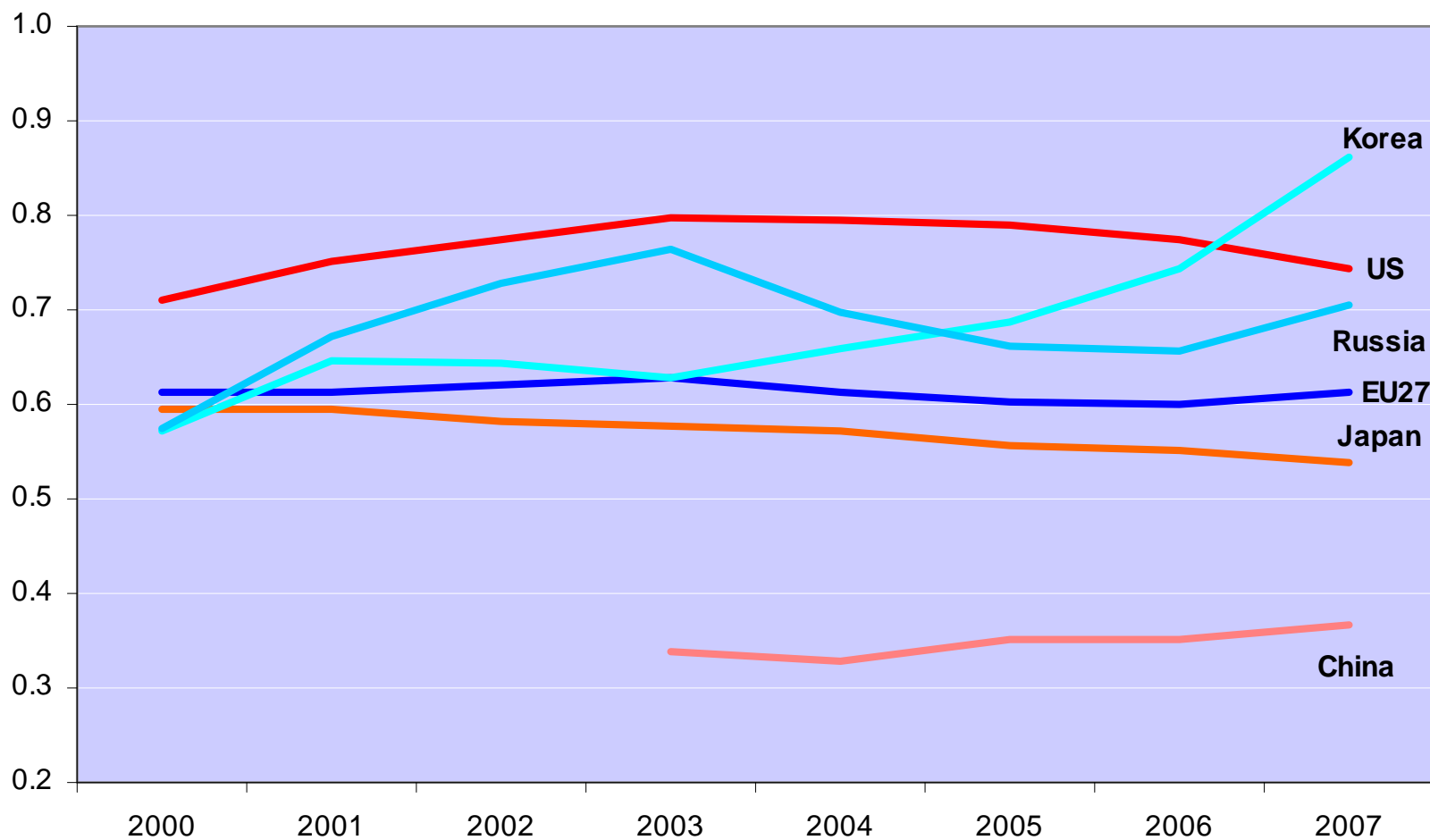
R&D tax credit effects on R&D personnel costs



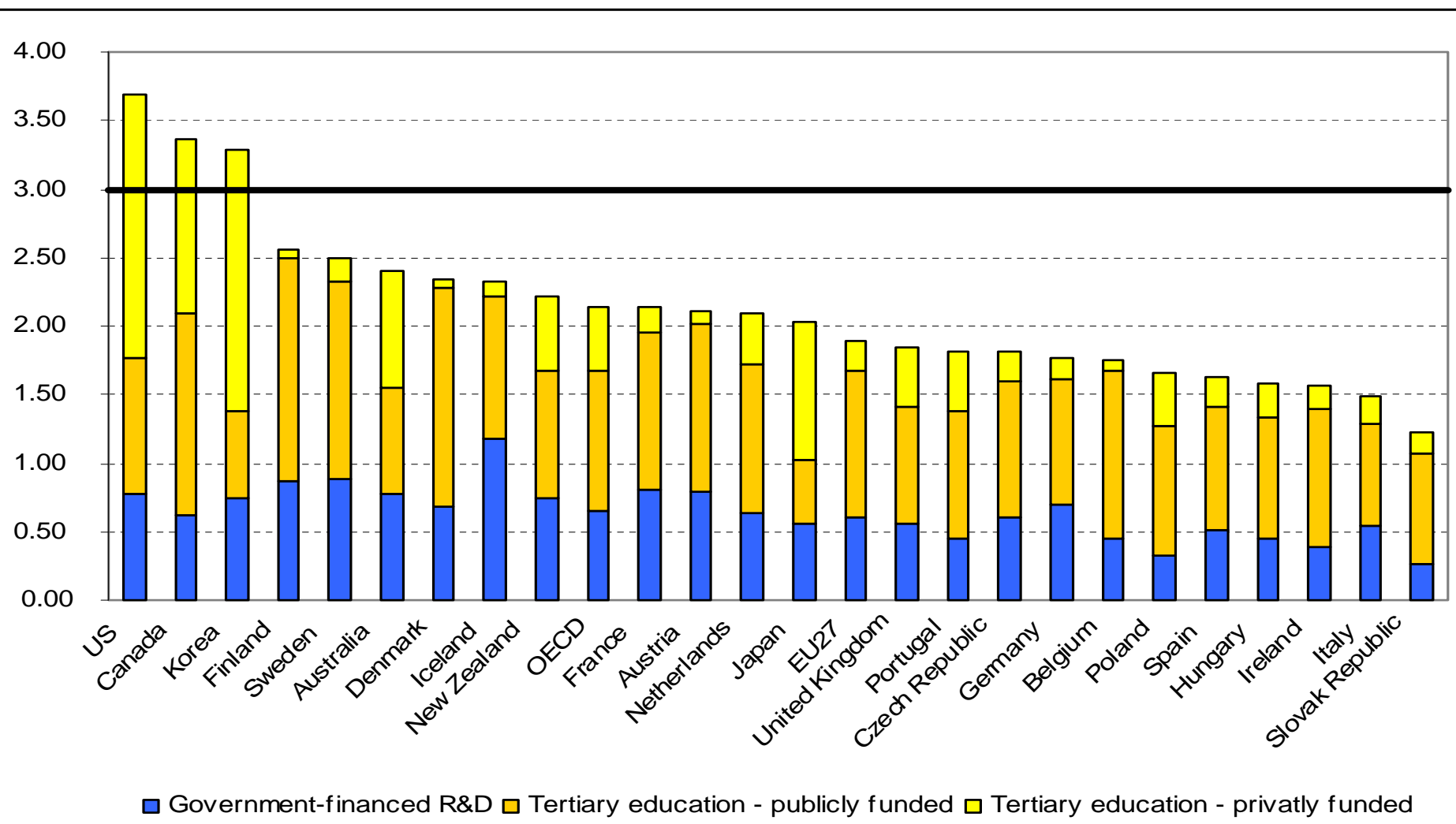


Government-funded R&D

(as % of GDP (2000-2007))



A new 3% target





2. From the rate to the direction of technical change

- The notion of Societal Challenges applies to major social problems that cannot be solved in a reasonable time and/or with acceptable social conditions, without a strong coordinated input requiring both technological and non-technological innovation, and at times, advances in scientific understanding. In a way the central issue is at the opposite end of the previous one. Can resources, not just research but also procurement and other investments, be shifted across European stakeholders to more productive “societal use” to influence not only the rate but also the direction of technical change and innovation?
- Societal Challenges are not **grand** rather they raise **grand policy** challenges: how to achieve compatibility between top-down initiatives and more market-driven resource allocation logic that allows for multiple decentralized experiments.

Recommendation 6: Create a stronger coordination


between all relevant policies in order to better align innovative activities with the needs of society. This should involve stronger coordination between R&D support and Lead Market instruments (such as regulation, standards and public procurement) and the use of staged approaches linking support for developing innovative solutions with their subsequent uptake in public procurement.



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3. Research excellence in EU: towards merit-based competition

- Research excellence is heavily dependent on **scale**: the European scale is the logical scale for most publicly funded research activities, for reducing costs in selecting and evaluating research proposals and for enabling high quality research specialization. The normative claim which can be made is that European research policy should ultimately evolve into a **Common Research Policy**. New instruments such as the ERC and the EIT, introduced as new Community research policy tools well before the crisis, are likely to take on a new meaning over the years to come, by providing the most direct instruments to restructure the fragmented European research landscape.

Recommendation 7 Introduce merit-based competition at EU level

in support of individual institutions and in ways that enable stronger differentiation among universities and RTO's. Greater autonomy and accountability are also needed to support increased diversity.

Recommendation 8 Build truly European institutions.

Strengthen and expand the remit of the ERC; and the Knowledge and Innovation Communities of the EIT; continue the Europeanization of research infrastructures including the exploitation of new legal frameworks for their establishment; and launch a new Joint Research Initiative scheme.



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4. New growth opportunities for “open innovation”

- At organizational level, the crisis will lead to a further increase in the offshoring and outsourcing of private R&D: a more rapid relocation of certain parts of R&D, in particular development, to cheaper locations. Also an increase in “national outsourcing” of private R&D from large firms to smaller firms that offer an increased specialization and of the incumbents’ large private R&D labs increasingly playing a new local role as more systemic parts of the innovation infrastructure.
- Open innovation creates new opportunities for young innovative SMEs. Due to their flexibility and ability to operate in new areas of business that are uncertain but potentially highly promising, such firms are important for pursuing radical innovations and constitute an important avenue of specialization and knowledge growth in Europe. Unfortunately, the prevailing institutional conditions in partly fragmented European markets still raise formidable barriers which have limited the overall success of this process. The EG recommends an EU-wide scheme that can strengthen links between high performers in research, innovation and entrepreneurship, and promote the evolution of EU specialization and the growth of young innovative firms.

Recommendation 9 Support young innovative companies beyond their start-up phase. Launch an EU-wide ‘excellence through competition’ scheme encouraging young innovative companies to undertake high-risk projects and pursue radical innovations.





5. On regional disparity and social cohesion

- At the geographical level, the crisis is likely to increase the gap between front runners in knowledge investments and ultimately innovation, and those lagging behind, by exacerbating the different existing capacities of member states and regions to respond. In short, the crisis challenges directly the regional cohesion policies of the EU, and in particular the role of research and innovation in those policies

Recommendation 12 Encourage the design of smart specialization policy mixes capable of capturing the capabilities of entrepreneurial entities within regions.

Recommendation 13 Allocate a greater proportion of structural funds to the development of research and innovation capacity. In particular, make the provision of structural funds conditional upon the development of smart specialisation strategies.



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6. The rationale for European versus national research policies

- The global financial crisis represents a window of opportunity for more radical reflections on the relationship between Community and national research policies.
 - The current existence of a ERC *next* to 27 individual member countries research councils is unsustainable: **joint programming** as way out: appears a “soft” but rather ineffective European policy tool.
 - Need for revision of EU’s FPs in terms of content and governance with as ultimate target **better** performance than any national programme. Relevant questions: along the lines of the EIT? Along the lines of the European energy alliance and the SET Plan? Involving public procurement funding?
 - As fiscal pressures mount in each MS, the question of raising the efficiency of national research funding agencies and of higher education and public research funding is likely to be raised in coming months/years in many countries.
- For these opportunities to be realized, it will be essential that some key governance issues are solved. The opportunities for further deployment of new Community instruments, will only be realized if they can illustrate their particular European valued added through their administrative flexibility and best practice governance. Only then will they play a central structuring role for a new, post-crisis augmented ERA. If issues of effective governance at EU level are not addressed as an issue of absolute priority, the crisis shock might actually go the other way: questioning increasingly the valued added of Community research and leading to a future ERA that is based much more on MS’ national efforts at attracting research talent within their own borders.

Recommendation 14 *Revise the Financial Regulation in 2010 by making specific provisions for research that take into account the specificities and the risks associated with it.*



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Epilogue

Given the current employment conditions for doctoral students, post docs, assistant and associate professors, we hardly can expect that young researchers who excel in ambitions, intellectual and social skills (needed to set up the Google/Microsoft-like companies of tomorrow) would stay in Europe.

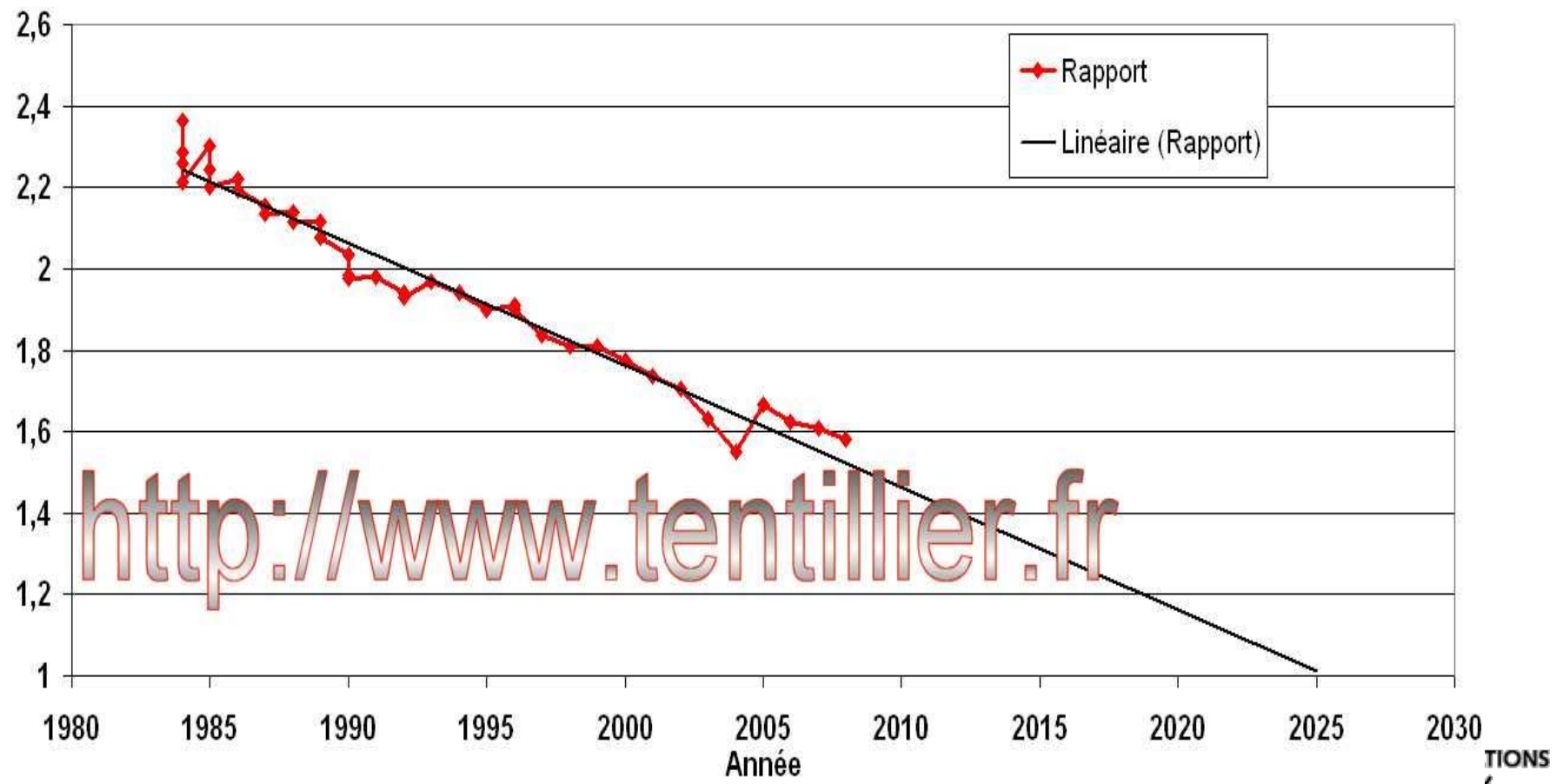
Once outstanding researchers get offered remuneration schemes up twice as much as in Europe in the US (embarrassingly enough meanwhile also in the Golf countries and East Asia), we can not expect them to stay in Europe. To back the point, please find below for comparison the links to two French Web pages providing an insight into current remuneration schemes in France, attached a overview of average salaries of German professors

BESOLDUNGSRANKING					
Entwicklung der Professorenbesoldungsdurchschnitte* der Länder					
Bundesland	Universitäten/Kunsthochschulen				
	2007	Rang	2001	Rang	Trend
Hessen	82.500	1.	71.000	6.	▲
Baden-Württemberg	77.242	2.	74.000	1.	▼
Bayern	76.995,78	3.	73.000	2.	▼
Saarland	75.627	4.	73.000	2.	▼
Rheinland-Pfalz	74.152	5.	72.000	4.	▼
Hamburg	73.870,19	6.	71.000	6.	▶
Nordrhein-Westfalen	72.572	7.	69.000	9.	▲
Berlin	72.111	8.	72.000	4.	▼
Bremen	71.422	9.	71.000	6.	▼
Niedersachsen	71.213	10.	68.000	10.	▶
Sachsen-Anhalt	70.000	11.	56.000	16.	▲
Mecklenburg-Vorpommern	69.562	12.	66.000	12.	▶
Brandenburg	68.319,36	13.	67.000	11.	▼
Sachsen	68.193	14.	64.000	15.	▲
Thüringen	67.610	15.	66.000	12.	▼
Schleswig-Holstein	65.902	16.	65.000	14.	▼

*Durchschnittliche Ausgaben pro Univ.-Professor in Euro.



Gross salary for a “Maître de Conférence” in relation to the gross “SMIC” (...in 2025 equal!)



<http://www.tentillier.fr>