Opinion

Time to rethink our innovation policies

China’s leaders believe mastering novel-product innovation is the key to securing soaring growth and enhancing national wealth and peace. Yet their drive to boost innovative capacity is rooted in two myths. The first myth holds that innovation, defined as the creation of new technologies, is the holy grail of economic growth. The second is that China must imitate the innovation model of Silicon Valley or face economic stagnation.

In truth, China is already a world leader in second-generation and process innovation. Because of changes in global production, these types of innovation will continue to provide China with a long-term economic advantage, one that drives job creation and lays the groundwork for other types of innovation. China’s companies are better at developing and improving existing products (or innovating them) than at inventing new ones. They develop products, and businesses quickly enough to remain at the cusp of the global technology frontier without advancing it. Thanks to their position at the center of fragmented global manufacturing, many Chinese companies excel in a wide array of second-stage or innovative activities that create significant economic value. For example, China’s firms have excelled in “design for production”--producing products at a level of detail that allows them to improve an off-shored firm’s marketability.

If we measure successful innovation as the creation of novel innovations based on the ownership of core intellectual property, then China has largely failed. Observers point to China’s weak patent records and other metrics to support this argument. Yet China has an even greater wealth of innovative activity defined as the creation of products, processes, or services that are not patented.

Today a world-renowned circuit firm need not raise billions of dollars to build a modern fabrication facility. A small team of designers can plan out the chips and have them produced in dedicated facilities using specialized equipment from specialized producers, and assembled and tested by other specialists. Each of these activities is increasingly concentrated in different countries such as photonics in Japan or fabrication in Taiwan.

Different regions specialize in particular stages of production within industries. Novel products are produced without being made in their “home” country as there are dedicated producers, with highly developed production, sourcing, logistics and project management skills that can perform these tasks far more efficiently and cheaply than a new inventor without such skills. As a result, there are many instances of innovation in which to create sustainable national economic growth.

Since China suggests there are in fact multiple types of innovation--which an economist can specialize, the corollary is that policy makers need to rethink what innovation means and adjust national indigenous innovation strategies accordingly.

Where the goal is national economic growth and job creation, emphasizing novelty may not be the best strategy.

Indeed, our goal is to motivate children to spark a conversation with a young student in their future of their education.

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Drop in on Sept. 10 to prevent dropouts

Georgia suffers from a dismal school dropout epidemic. Each dropout worsens the talent pool for those hiring in Georgia, making our state less competitive. If we are to survive and thrive in a slow-growth economy, we need to address this problem with an innovative solution.

We need to find credible ambassadors to speak the importance of education in our state, and we need to find ways to convince the students who are not attending school.

Student teachers, university students, and young professionals can all help to address this issue.

We are planning an event on September 10th from 8am to 1pm to bring together students and professionals who are interested in helping to make a difference in the lives of children in Georgia.

Join us to be a part of the solution in preventing dropout and achieving a brighter future for our children.