Emerging Policy Issues in the Knowledge Economy

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The ‘New’ Labels

- New Economy
- Knowledge Economy
- Information Economy/Society
- Intangible Economy
- Post-Industrial Economy
Four Pillars of the Knowledge Economy

1. Economic incentive and institutional regime
2. Education and training
3. Information infrastructure
4. Innovation system
The Role of Government (UK)

- Government’s role is to:
  - invest in capabilities to promote enterprise and stimulate innovation
  - catalyse collaboration to help business win competitive advantage
  - promote competition by opening and modernising markets
Key Policy Recommendations

1. Strengthen economic and social fundamentals
2. Facilitate the diffusion of ICT
3. Foster innovation
4. Invest in human capital
5. Stimulate firm creation
1. Strengthen Economic and Social Fundamentals

- Preserve macroeconomic stability
- Encourage openness
- Make financial systems more supportive of innovation
- Mobilise labour resources
- Address the redistributive implications of structural change
2. Facilitate the Diffusion of ICT

- Focus policy efforts on increasing the use of new technology
- Increase competition and continue with regulatory reform in the telecommunications industry to enhance the uptake of ICT
- Ensure sufficient competition in hardware and software to lower costs
- Build confidence in the use of ICT for business and consumers
- Make e-government a priority
3. Foster Innovation

- Give greater priority to basic research; future innovation will be jeopardised without it.
- Improve the effectiveness of government funding for innovation.
- Make greater use of competitive funding and evaluation in supporting public research.
- Tackle new challenges in intellectual property regimes.
- Remove barriers and regulations that limit effective interaction between universities, firms and public laboratories.
4. Invest in Human Capital

- Invest in high-quality early education and child care
- Raise completion of basic and vocational education and improve the quality of the system
- Improve school-to-work transition
- Strengthen the links between higher education and the labour market in a cost-effective way
- Provide wider training opportunities
- Reduce obstacles to workplace changes and give workers a greater voice.
5. Stimulate Firm Creation

- Promote access to financing
- Facilitate firm entry and exit
- Review and assess the relevance and effectiveness of government support programs
- Encourage an entrepreneurial spirit in society