

INSIGHT

Technology gap

Naubahar Sharif says any more delays to setting up an innovation bureau will only hurt HK's economy

We are witnessing a further extension of the longstanding argument over funding for the proposed innovation and technology bureau. Hong Kong needs this bureau, which would be the government's smallest, to ensure the broadening of the city's economic base, and also to guarantee its integration into a regional economy that depends increasingly on innovation and technology as a lever for economic growth.

Hong Kong's innovation ecosystem is relatively underdeveloped and undergoing transition. Hong Kong is a small territory; the diversity and range of its innovation ecosystem compares poorly to those of small countries such as Switzerland, not to mention its fellow Asian "tigers" of Taiwan, South Korea and Singapore.

Historically, Hong Kong has experienced relatively little government intervention while serving primarily as a trading post. But it is not possible to promote innovation and technology or strengthen an innovation ecosystem, without significant government intervention, especially in the early stages.

What stands out most strikingly is how far behind Hong Kong has lagged behind. Not until 1999 did the city develop any kind of formal,

coordinated innovation policy. Against almost any benchmark – whether among Organisation for Economic Cooperation and Development countries, other Asian tigers, or other economies of a similar size and level of development – that was far too late. From the establishment of the Innovation and Technology Commission in July 2000 until now, Hong Kong's innovation ecosystem has not progressed sufficiently to maintain our competitiveness.

The seemingly endless delays that have plagued the launch of the bureau have arguably been especially detrimental to the overall innovation ecosystem in Hong Kong because of the speed and intensity with which the mainland – the economy on which Hong Kong depends most for its economic livelihood – has been pursuing scientific and technological pursuits, in industry, government and private firms, over the past two decades.

In terms of almost any important research and development-related indicator, Hong Kong lags far behind even Shenzhen.

The consensus among key policy advisers is that innovation policymaking has been constrained by the lack of legitimacy and authority accorded to the Innovation and Technology Commission within the government's bureaucratic

framework. This has led, unsurprisingly, to low levels of coordination, which manifests in neglect of systemic relationships across the various policy areas.

Since the establishment of the commission, for example, there are still a number of other policymaking bureaux connected with innovation, including the Commerce and Economic Development Bureau, the Office of the Government Chief Information Officer, the Financial Services Branch (for financial innovations) and, to a lesser extent, regulatory bodies such as the Telecommunications Authority, most of which are not formally connected in function or mission.

This lack of coordination, along with Hong Kong's procrastination in introducing and implementing innovation policies, has meant that policy measures have been, for the most part, extremely fragmented, with insufficient attention paid to fostering interaction at national and international levels.

For the most part, the government addresses current challenges with administrative structures and policy instruments that have been shaped by responses to past problems. This lack of proactive policymaking becomes doubly problematic because of the virtual absence of coherent innovation policies.

Technology and innovation policies require government intervention to bolster weak markets and correct systemic failures that hinder the flow of knowledge and technology, and reduce the overall effectiveness of R&D efforts.

The government needs to play an active role in managing and integrating knowledge on an economy-wide basis by making technology and innovation policy an integral part of its overall strategy.



We should not avoid implementing 'risky' measures that may pay off

New approaches, including public-private partnerships, may be needed.

If the government wishes to intervene effectively, institutional bureaucratic reform is needed. Bureaucracies should be, on the one hand, competent at managing the intricacies of specific technologies and technology policymaking while, on the other, sufficiently in-

ulated from political pressure and supported by the highest ranks of the political hierarchy.

Only then can cooperation be cultivated between the constituent elements of the innovation system. The need for dedicated and capable officials cannot be overstated given the pace of change occurring as a result of globalising pressures on Hong Kong, especially in technologically advanced sectors.

In addition to attracting competent civil servants, the government needs to allow independence in formulating policy, and grant the requisite power to implement policies. Despite the embryonic status of Hong Kong's innovation policies, we should not avoid implementing "risky" measures that may pay off handsomely. Perhaps even a certain tolerance of "failure", both in the government and on the part of the local population (as represented by the legislature), could develop.

Some claim Hong Kong has already missed the boat. Further delays in establishing the innovation and technology bureau will inevitably see realised the widely expressed fears among supporters that it will come too late to make a positive difference to our economy.

Naubahar Sharif is an associate professor in the Division of Social Science at the Hong Kong University of Science and Technology

