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Innovation Policy and Global Competition:

A Comparative Analysis of State Capacities
in the Promotion of Science-based Industries in
Germany, Switzerland, and the United States

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The *Varieties of Capitalism* perspective:

1. The institutional conditions in coordinated market economies constitute disadvantages in the establishment of industries that produce radical innovations (Hall/Soskice 2001: 37 ff.).
2. Even if coordinated market economies manage to establish a modern biotechnology industry, firms have to specialize in “lower-risk” niche markets, such as platform technologies (Caspar/Whitley 2004)
3. “There is presently a risk [in Germany] that the collapse of several hundred of small firms could wipe out the entire industry (Caspar/Karamanos 2003: 818)

Firms and pharmaceutical product candidates in comparative perspective:

	Number of health care biotech firms (2004)	Number of product candidates (2006)
United States	1.224	872
United Kingdom	234	352
Germany	228	228
Switzerland	54	166

The degree of territorial differentiation.

Degree of Europeanization/Internationalization

		High	Low
Degree of Regionalization	High	Germany	U.S.
	Low	Switzerland	

The role of the state's innovation policy:

		Role of the state as a financier	
		High	Low
Role of the state as coordinator	High	U.S.	Germany
	Low		Switzerland

The role of corporatist arrangements and intermediary organizations:

		Role of corporatist arrangements	
		High	Low
Role of intermediary organizations	High	U.S.	Germany
	Low	Switzerland	

The characteristics of the research system:

		Degree of functional differentiation	
		High	Low
Role of privately-funded basic research	High	U.S.	Switzerland
	Low	Germany	

1. Dominant theoretical approaches within the disciplines of Comparative Politics and Comparative Political Economy fail to grasp the institutional complexity associated with the transformation of National Innovation Systems.
2. Varieties of Capitalism clearly underestimates the role of public innovations policies in the U.S. and does not take note of a low degree of policy intervention in coordinated market economies, such as Switzerland.
3. In the case of the establishment of pharmaceutical biotechnology sectors there is evidence for systemic divergence and sectoral convergence.
4. There is hardly any evidence that public innovation policies in coordinated market economies successfully “copied” liberal market economy best practices.