Comments on “STI in times of C-19 and policy responses” document and future OECD/TIP work

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18.6.2020

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Overall views

- Document is content-rich, collects a ton of timely and useful information
- Immediate STI policy responses: the report presents policy measures implemented soon after burst of C-19 and the effects of new initiatives up to now
- Considering the next steps for the document and future work: where to put the focus in the line from resistance to crisis management and further to resilience and reconstruction?

RESISTANCE:
Resistance to the crises in terms of health and the economy; prevention capacity: existing characteristics before crisis

CRISIS MANAGEMENT:
Material and intellectual capacity to maintain ability to act in the middle of the crisis

RESILIENCE:
Capacity to cope with the post-crisis operating environment; long-term revival of the economy; strategic operations and investments

Central issue is the duration of the C-19 pandemic

In future, more emphasis could be put on the national strategies and other actions in relation to the revival and reconstruction of the economy and STI policies after (the first wave of) COVID-19
What next: possible avenues for future STI policy work

- Some of the information will outdate quite quickly, but it is valuable to collect more of the evidence and policy experiences and carry out comparative policy analysis.

- The focus of work should gradually move from short-term and current burning issues to long term and more permanent effects on STI policies and financing.

- What kinds of new approaches and novel forms of collaboration are needed to increase overall resilience? Are there good policy practices?

- How to improve resilience? What kind of national strategies has been drafted: national/regional/field-specific, focus, timeframe?

- Trillions of euros have been spent in a short period e.g. to ensure healthy businesses will not go bankrupt, help them in cash crises, and avoiding immense increase in unemployment.
Why to follow C-19 related developments? Some critical issues

1) The crisis has increased current and longer-term economic and other kinds of uncertainties -> decrease especially in R&D and other intangible investments.

2) Impacts on R&D and other forms of capital can be enhanced by break-up of global manufacturing and value chains. Indirect impacts of a company-specific shock will spread in value chains -> impact can be much higher than that of the original impulse (of C-19) and its immediate impact. Note: favourable effects of globalisation partially originated from positive indirect effects.

3) Another long term influence of C-19 is related to the decrease in productivity. Lower level of R&D and other intangible investments will affect productivity -> the crisis will treat companies and fields of industry in an asymmetric manner -> growing gaps between companies and fields with respect to productivity and investments.

- C-19 will put national STI systems in test and raise questions about the capacity to cooperate internationally and ability to set up new collaborative platforms.

- How does the first wave recede? It is not even close to being over, and in some parts of the world, the impacts of COVID-19 are still getting more intense.
Short-term and long-term/permanent impacts on STI system could be further structured and analysed

- *Short-termism could increase* RDI activities: C-19 driven new RDI funding are allocated to shorter fixed-term projects; these research lines will face difficulties in receiving follow-on funding since the higher volume of public funding in 2020 cannot be maintained in the coming years.

- In addition to the serious fluctuations in R&D funding, another issue is, to what extent additional resources for STI to address C-19 been spent efficiently? Evaluations foreseen.

- In sum, more attention to *long-term and permanent impacts* of C-19 on:
  1) STI policies and funding,
  2) STI activities in the public sector,
  3) STI activities in the private sector, in different field of industry and in companies of different sizes.
Balance of public budget will be a major issue in future

- Governments across the EU, the US, Japan and elsewhere have injected trillions of euros to revive economies and slowing down the rise in unemployment and bankruptcies.
- The volumes of government debt have skyrocketed.
- Government budgets have to be radically readjusted with major cutbacks in many budget items. What will happen to R&D and innovation budgets?

What about a possible second wave of C-19? If the pandemic will resurface with renewed strength, it will change the game again in a big wave. To some extent, we have to be prepared for a second wave, and before that, improve our economic and health-related resistance to the crisis.