

Comparing results - Discussion

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My past and current interests

- 2007 Satellite R&D account for the UK
- OECD TF: Handbook on Intellectual Assets
- Work on intangibles, e.g. engineering design
- [...] Career gap advising UK HMG on industrial policy [...]
- At OECD since Oct 2010. Responsible for Working Party of National Experts on Science Technology Indicators (NESTI) --- innovation focus.
- Project on mechanisms for knowledge exchange: (KNM)

Assessing the intangibles “project”

	Lost?	Bumpy ride ahead?	On track?	Mission accomplished ?
Innovative property				
Quality of computerised information				
Economic competencies				
-Brand strength				
-Organisational capital				

Achievements

- Intangibles here to stay – INNODRIVE and COINVEST great contributions (e.g):
 - Widened reach of CHS exercise.
 - New exercises to answer key measurement questions: e.g. intang. survey, deprec.
 - Econometrics brought in to test growth accounting and expand questions
 - Systematic use of occupation data
 - Micro focus – relate inputs to outputs and company value

Discipline or (cottage) industry

- Macro accounting – taking disciplines seriously?
 - Appropriate language? Cause? Circularity?
 - Appropriate use of terms: “investment”
 - Production/investment/supply/use
 - Own account
 - Rest of the world? Other sectors? Regions?
 - Use standards out there. OECD Handbook IA
 - The trinity: scope, deflation, depreciation

The framework

- How to get closer to growth and innovation disciplines?
 - How does IA acct work with innovation as we know it?
 - An example: R&D in the A-H model.
 - Implications
 - Positive 1: Better quality description
 - Negative: Still mis-attributing sources of growth. Externalities. (+ve and -ve)
 - Positive 2: A research agenda in front of us
 - Positive 3: A perspective on material wellbeing

Intangibles and sustainable growth

- Focus on adjusted NDP:
 - Expanded GDP, but also need to expand depreciation / obsolescence.
 - New NDP = Traditional GDP – tang K dep +
+ Gross int. invest- intangible obsolescence
- Higher rate of innovation increases depreciation of knowledge.
 - Caution about increasing importance of intangibles. Gross versus net.
 - Caution about the implications regarding prosperity.

Think harder about framework and its full implications

- National Accounts: A framework that endorses double counting
- Bringing in idea-making idea machines – very hard to conceptualise and operationalise
- Where is the “free cash flow of the aggregate economy”? The future consumption to offset CHS foregone consumption. Not adjusted GVA
- From micro to macro assets - mutual obsolescence.

Relevant future NESTI work

- Task Force on Business R&D and innovation survey re-design:
 - Cognitive testing metastudy
 - Expenditures questions: intangibles approach
 - Implementation of R&D capitalisation
 - Focus on design – Oslo Manual
- Intangibles measurement for NSG – with OECD STD and WPIA
- Public support for innovation
- FTEs for research - ?? Other innov.

Open research questions

- Other key research issues
 - Knowledge workers
 - Intangibles flows.
- Policy issues
 - Balance of externalities from intangibles (+,-)
 - Market failures regarding information
- Intangibles policy evaluation
 - Tax incentives
 - Other...

Thank you!!

Your turn...

Assessing the intangibles “project”

	Lost?	Bumpy ride ahead?	On track?	Mission accomplished ?
Innovative property			X	
Quality of computerised information		X		
Economic competencies				
-Brand strength		X - Risks		
-Organisational capital		X		