

## *Foreword*

At the start of 2011 the OECD began work on a two-year project entitled *New Sources of Growth: Knowledge-based Capital*. While this programme of work has numerous intellectual antecedents, its immediate inspiration was a finding highlighted in the OECD's *Innovation Strategy*, published in 2010, that many innovating firms do not invest in R&D. Instead, their innovation efforts are driven by investments in a broader range of intangibles assets, from software and large data sets to designs, firm-specific human capital and new organisational processes. These intangible assets are referred to in this book as knowledge-based capital (KBC). The work on KBC has set out to: provide evidence of the economic value of KBC as a new source of growth; and to improve understanding of current and emerging policy challenges.

The analysis presented here has been undertaken against a backdrop of sluggish macro-economic conditions, weak labour markets and burgeoning public debt in many OECD economies, all of which add urgency to the search for new sources of growth. Furthermore, rapidly ageing populations, combined with natural resource constraints, mean that the future of growth in advanced economies will increasingly depend on productivity-raising innovation. It is clearly essential, therefore, to deepen understanding of the sources of innovation and identify the main features of good policy practice.

The work on KBC has drawn on expertise from across the OECD Secretariat. Supported with financial resources from the Secretary-General's Central Priority Fund, the Directorate for Science, Technology and Industry led the two-year effort, and will continue to lead work in this area during 2013-2014. Other partner Directorates have been the Directorate for Financial and Enterprise Affairs, the Centre for Tax Policy and Administration, the Economics Department and the Statistics Directorate.

Three high-level events were organised during the project, all aimed at developing and testing analytic and policy ideas with academics, policymakers and practitioners. These events benefitted greatly from the inputs of partner organisations. The conference *New Building Blocks for Jobs and Economic Growth* was held in Washington DC on 16-17 May 2011, and opened by Ben Bernanke, Chairman of the Federal Reserve Board of Governors. The event was co-organised with the Athena Alliance, the Conference Board, and the Board on Science, Technology and Economic Policy (STEP) of the National Academies. Particular appreciation is expressed for the organisational and analytic support given by Ken Jarboe. The second event was a workshop - *A Policy Framework for Knowledge-Based Capital* – in Washington DC on 3-4 December 2012. This workshop was co-organised with the MIT Sloan School Center for Digital Business, in association with the STEP Board of the National Academies. Brian Kahin of MIT was critical to the success of this event and provided important intellectual input to the KBC project. Finally, a concluding project conference - *Growth, Innovation and Competitiveness: Maximising the Benefits of Knowledge-based Capital* – was held at the OECD Headquarters, Paris, on 13-14 February 2013. Further information on these events, including many presentations and video links, can be had at [www.oecd/kbc](http://www.oecd/kbc).

Owing to the cross-Directorate character of the work on KBC, the different chapters of this publication were discussed and declassified by various OECD Committees, including the Committee for Industry, Innovation and Entrepreneurship (which had oversight responsibility for the project); the Committee for Information, Computer and Communications Policy; the Committee for Scientific and Technological Policy; the Committee on Statistics; the Committee on Fiscal Affairs; the Corporate Governance Committee; and the Economic Policy Committee. The comments and inputs formulated by delegates to these OECD official bodies are gratefully acknowledged.

The Synthesis report containing the main policy messages was discussed by the OECD Executive Committee and OECD Council and was presented at the OECD's Ministerial Council Meeting of May 2013. The Synthesis report is also available at [www.oecd.org/kbc](http://www.oecd.org/kbc).

Many OECD staff contributed to the work on KBC and to this book. Alistair Nolan managed the project, under the guidance of Andrew Wyckoff (Director, Directorate for Science, Technology and Industry) and Dirk Pilat (Deputy-Director).

Mr. Nolan edited this book and wrote the Introduction and the Synthesis Report. Chapter 1 (Knowledge-based capital, innovation and resource allocation) - was authored by Dan Andrews and Chiara Criscuolo. Chapter 1 also draws on the research and comments of numerous analysts and OECD colleagues, including (in alphabetical order): Maria Bas (CEPII), Federico Cingano (Bank of Italy), H el ene Dernis, Carlo Menon, Peter Gal, Filipe Silva, Ben Westmore, Karen Wilson and Marco Da Rin (University of Tilburg). Valuable comments were also had from Eric Bartelsman, J orgen Elmeskov, Giuseppe Nicoletti and Jean-Luc Schneider. Catherine Chapuis and Irene Sinha provided statistical and editorial support. Chapter 2 (Taxation and knowledge-based capital: policy considerations in a globalised economy) was written by Steven Clark, with guidance from Stephen Matthews. Chapter 3 (Competition policy and knowledge-based capital) was authored by Jeremy West. Chapter 4 (Measuring knowledge-based capital) was written by Mariagrazia Squicciarini and Marie le Mouel, with comments from Alessandra Colecchia, Colin Webb, Fernando Galindo Rueda and Nadim Ahmad, and with support from H el ene Dernis. Chapter 5 (Knowledge-based capital and upgrading in global value chains) was authored by Naomitsu Yashiro, with comments from Koen de Backer and Norihiko Yamano. Chapter 6 (Knowledge networks and markets) was written by Fernando Galindo-Rueda, with input from Gili Greenberg. Alissa Amico wrote Chapter 7 (Corporate reporting and knowledge-based capital). And Chapter 8 (Exploring data-driven innovation as a new source of growth: mapping the policy issues raised by "big data") was authored by Christian Reimsbach-Kounatze, with important contributions from Brendan Van Alsenoy.

Preparation of the project's empirical and policy conclusions benefitted from advice provided by an international panel of independent experts. In this connection, thanks are expressed to: Tony Clayton, Chief Economist, Intellectual Property Office, United Kingdom; Carol Corrado, Senior Advisor and Research Director, The Conference Board, United States; Professor Kyoji Fukao, Institute of Economic Research Hitotsubashi University, Tokyo; Professor Jonathan Haskel, Imperial College Business School, London; Professor Charles Hulten, University of Maryland and National Bureau of Economic Research, and Senior Fellow to The Conference Board; Richard Johnson, CEO Global Helix LLC and Chairman, Technology Committee, OECD Business and Industry Advisory Council; Professor Paloma Sanchez, Autonomous University of Madrid; and Professor Beth Webster, Director, Intellectual Property Research Institute of Australia.

Doranne Lecercle copy edited the text and Janine Treves provided support with overall presentation. Florence Hourtouat and Sarah Ferguson provided secretarial support throughout. Julia Gregory and Joseph Loux prepared the final manuscript for publication.

The material presented in this book was produced by the OECD during 2011 and 2012. As described above, much policy-relevant research on KBC remains to be done. During 2013 and 2014 work will continue, with the specific aims of improving measurement, better understanding policies to help create economic value from data, analysing the role of intellectual property rights, and continuing the assessment of the interactions between tax policies and corporate investment in KBC. Further information on the work on KBC will be available at the OECD website ([www.oecd/kbc](http://www.oecd/kbc)).



**From:**  
**Supporting Investment in Knowledge Capital,  
Growth and Innovation**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264193307-en>

**Please cite this chapter as:**

OECD (2013), "Foreword", in *Supporting Investment in Knowledge Capital, Growth and Innovation*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264193307-1-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).